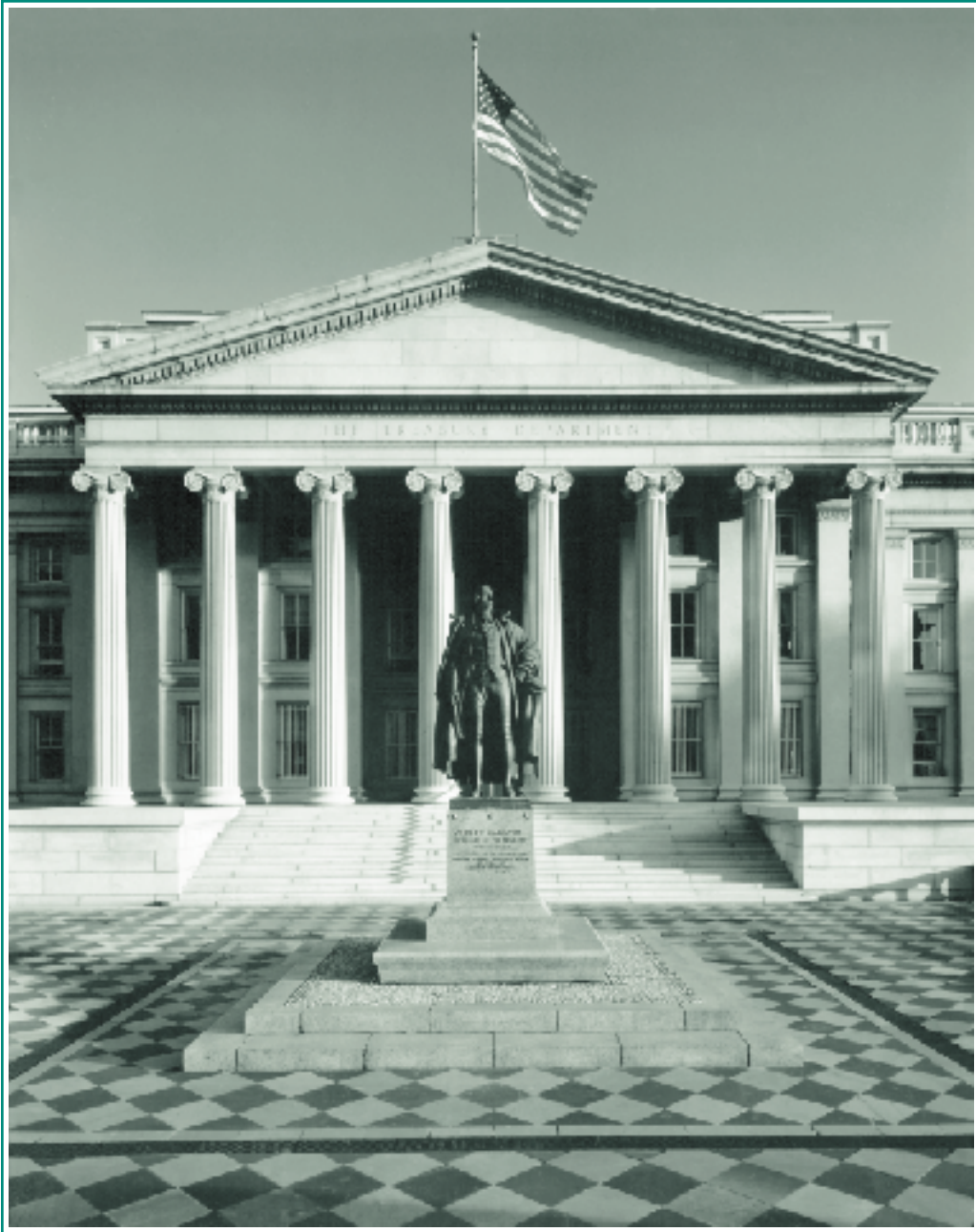


Department of the Treasury

# STRATEGIC PLAN

for Fiscal Years 2000-2005



September 30, 2000



## Message from the Secretary:

Treasury's responsibilities and activities are broad in scope and truly touch the lives of all Americans. The Department's role in promoting a stable economy, managing the Government's finances, and fighting crime is crucial in supporting a strong and robust America.

The right course must be set to advance our success, and this strategic plan lays out our goals and objectives for the next five years. Treasury's four-part mission encompasses our economic, financial, and law enforcement responsibilities, supported by a management mission area that enables a strong and efficient organization. Our plan includes specific goals, objectives, and strategies that chart our course for each mission area, and the external factors that may come into play along the way.

There are several key Treasury priorities identified in this plan that I want to highlight. These include maintaining a strong domestic economy, paying down the debt held by the public, ensuring the solvency of both the Social Security and Medicare programs, promoting a stable global economy, promoting a sound tax system, continuing to improve tax administration, modernizing the nation's financial system, and reducing gun-related violence. Our plan is a reflection of our commitment to these priorities.

This plan will guide our day-to-day operations and direct our allocation of resources. Specific offices within Treasury are accountable for implementing this plan and reaching out to achieve our goals. I am personally committed to the success of this plan and the achievement of our goals. Each office within Treasury has joined me in that commitment.

Our plan was developed through a process of inclusion, with the active participation of officials throughout Treasury and input from Congress, government partners, and the private sector. We believe that this plan creates a broad foundation of participation that is capable of supporting our ambitious goals. However, effective strategic planning is an ongoing process, and periodically our plan will evolve to ensure that it reflects our best strategic thinking.

The operations of our Department are both broad and diverse. I believe the strategic direction laid out in this plan, along with the goals, objectives, and strategies to achieve success, present a sound, prudent, and challenging course for our agency.

*Lawrence H. Summers*

## COMMENTS

We welcome your feedback

Comments or questions regarding this strategic plan should be referred to the *Office of Strategic Planning and Evaluation* at the Department of the Treasury.

Phone: (202)622-0510

Fax: (202)622-2549

E-Mail: [comments@do.treas.gov](mailto:comments@do.treas.gov)

Mail: Office of Strategic Planning and Evaluation  
Department of the Treasury  
Metropolitan Square Building, 6<sup>th</sup> Floor  
655 15<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

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## **Introduction: Treasury's Strategic Management Process**

### **Planning, Budgeting, and Reporting**

Treasury has implemented an integrated strategic management process to guide our operations and improve our performance. This process consists of a disciplined effort to accomplish the following:

- Set strategic goals and priorities for the long-term;
- Set annual performance targets;
- Manage and budget to achieve those targets; and,
- Systematically report on annual performance.

Although this process fully complies with both the letter and spirit of the Government Performance and Results Act of 1993 (Results Act), it is principally intended to help the Department improve its mission accomplishment. Program management and accountability will focus on outcomes and programmatic results, not inputs and processes. The strategic management process will inform managers, employees, and stakeholders of the purposes of programs, the means to achieve the purposes, and progress toward achieving the purposes.

***Set strategic goals and priorities for the long-term.*** This Treasury strategic plan sets goals, objectives, strategies, and priorities to guide the Department as a whole. It also forms the baseline for the development of component strategic and annual plans. Each bureau and select program offices within Treasury has developed subsidiary strategic plans that provide additional detail on how the Department will achieve its goals. Collectively, the Department-wide plan and the subsidiary plans provide the detailed strategic road map required by the Results Act.

As with all other government agencies, Treasury operates in domestic and international economic, social and political environments that are constantly changing. These changes will affect the Department's ability to meet its goals and objectives. As a result, the Departmental strategic plan and component plans all include descriptions of the external factors that may impact on Treasury's ability to achieve its goals.

***Set annual performance targets.*** Treasury has formatted its budget submission to serve as both a budget request and as the Results Act performance plan. The performance goals included in the budget submission serve to justify the resource request (i.e., they detail what our Nation will receive in return for its investment in our programs). The performance goals and targets presented in the budget justification are derived from the strategic goals presented in the strategic plan. Treasury continues to work to improve the quality and usefulness of its performance measures.

***Manage and budget to achieve those targets.*** Treasury's annual budget submission is built around the goals and strategies of its strategic plan. In essence, the budget request is an annual implementation plan for the strategic plan. Accordingly, Treasury managers are expected to be guided by the strategic thinking of the Department as they make the day-to-day management decisions that drive our programs. The Department and individual bureaus track progress in implementing strategies and achieving performance targets during the year and makes adjustments as needed to maximize performance.

***Systematically report on annual performance.*** Treasury's annual budget submission also includes the annual performance report required by the Results Act. Each year, actual performance is compared to the targets published at the start of the year, and explanations are provided to explain differences between planned and actual levels. In addition, the Department presents a separate narrative report on achievement of Treasury's strategic objectives.

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**Linking General Goals and Objectives to Annual Performance Goals**

The success of Treasury's strategic management process is dependent on strategic thinking driving resource and other management decision-making. For this reason, Treasury has emphasized making explicit the link between general goals and objectives in its strategic plan and the annual performance goals in the budget/annual performance plan (as previously described). Throughout this strategic plan, specific bureau/component strategic goals that support the Treasury objectives are identified. In addition, each component strategic plan includes a table that shows the direct linkage between the component's strategic goals and objectives and their annual performance goals. Collectively, these show the relationships between the high-level, long-range goals in the Treasury-wide strategic plan and the tactical performance goals included in the budget/performance plans.



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SUMMARY TABLE OF MISSION, GOALS AND OBJECTIVES**

<p align="center"><b>ECONOMIC:</b> <b>PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES</b></p>	<p align="center"><b>FINANCIAL:</b> <b>MANAGE THE GOVERNMENT'S FINANCES</b></p>	<p align="center"><b>LAW ENFORCEMENT:</b> <b>SAFEGUARD OUR FINANCIAL SYSTEMS, PROTECT OUR NATION'S LEADERS, AND SECURE A SAFE AND DRUG-FREE AMERICA</b></p>
<p><b>GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH</b>  <i>\$ Reduce public debt to no more than \$2.3 trillion by 2005</i>  <i>\$ By 2005, achieve 75-year solvency for Social Security, and extend the projected solvency for Medicare beyond 2025</i>  <i>\$ Improve retirement security by increasing personal savings and by expanding pension coverage and participation</i>  <i>\$ Help bring residents of distressed communities into the economic mainstream by promoting fair and efficient delivery of credit and other financial services</i>  <i>\$ Improve and modernize the U.S. financial system</i>  <i>\$ Promote the transparency, integrity and efficiency of the Nation's financial markets</i>  <i>\$ Apply sound governmental policy on all relevant governmental issues</i>  <i>\$ Protect the public and prevent consumer deception in specific regulated commodities</i></p> <p><b>GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES</b>  <i>\$ Promote economic growth and sound policies in developing and transitional economies</i>  <i>\$ Strengthen international financial institutions that promote global economic stability and support developing and transitional economies</i>  <i>\$ Monitor the global economy and promote international economic growth through cooperation on economic policy</i>  <i>\$ Facilitate legitimate trade, enhance access to foreign markets, and enforce trade agreements</i>  <i>\$ Strengthen the stability and efficiency of global capital markets and promote a sound framework for international investment</i>  <i>\$ Pursue exchange rate policies to promote stable financial systems</i></p>	<p><b>GOAL: COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT</b>  <i>\$ Improve and simplify tax laws and administrative guidance, consistent with important tax policy goals</i>  <i>\$ Increase compliance with tax laws</i>  <i>\$ Improve Federal non-tax delinquent debt collection</i></p> <p><b>GOAL: MANAGE THE FEDERAL GOVERNMENT'S ACCOUNTS</b>  <i>\$ Ensure all Federal payments are accurate and timely</i>  <i>\$ Ensure that the government's cash management minimizes risk and provides immediate flow and balance information</i>  <i>\$ Provide accurate and timely information on the government's financial status and support the government-wide implementation of accounting standards</i>  <i>\$ Strengthen the government's financial infrastructure to improve the program management across government</i>  <i>\$ Ensure the effective management and/or investment of funds in Treasury's custody</i></p> <p><b>GOAL: COST-EFFECTIVELY FINANCE THE GOVERNMENT'S OPERATIONS</b></p> <p><b>GOAL: IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. COIN AND CURRENCY</b>  <i>\$ Increase the productivity and efficiency of coin and currency manufacturing</i>  <i>\$ Continue to explore mechanisms for maintaining the integrity of U.S. coin and currency</i></p>	<p><b>GOAL: COMBAT MONEY LAUNDERING AND OTHER FINANCIAL CRIMES</b>  <i>\$ Dismantle domestic and international money laundering networks</i>  <i>\$ Reduce counterfeiting and other criminal threats to our financial system</i></p> <p><b>GOAL: PROTECT OUR NATION'S BORDERS AND MAJOR INTERNATIONAL TRANSPORTATION TERMINALS FROM TRAFFICKERS AND SMUGGLERS OF ILLICIT DRUGS</b>  <i>\$ Deny the smuggling of illicit drugs at land borders, airports, and seaports</i>  <i>\$ Support all aspects of the National Drug Control Strategy</i></p> <p><b>GOAL: REDUCE VIOLENT CRIME AND THE THREAT OF TERRORISM</b>  <i>\$ Deny criminals access to firearms and reduce the risk of violent crime in our communities</i>  <i>\$ Strengthen the capability to fight terrorist threats to the U.S.</i>  <i>\$ Safeguard the public from arson and explosive incidents</i></p> <p><b>GOAL: PROTECT OUR NATION'S LEADERS AND VISITING DIGNITARIES</b></p> <p><b>GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL</b>  <i>\$ Enhance basic, advanced, and in-service training programs to meet changing needs and increasing demands</i>  <i>\$ Develop and operate state-of-the-art facilities and systems responsive to interagency training needs</i></p>
<p align="center"><b>MANAGEMENT:</b> <b>CONTINUE TO BUILD A STRONG INSTITUTION</b></p>		
<p><b>GOAL: SUPPORT THE ACHIEVEMENT OF BUSINESS RESULTS</b>  <i>\$ Improve the capacity to recruit, develop, and retain high-caliber employees</i>  <i>\$ Foster an environment of equal opportunity</i>  <i>\$ Ensure strong financial management of Treasury accounts</i>  <i>\$ Make wise capital investments and effectively manage Treasury's assets</i>  <i>\$ Procure quality goods and services at a fair and reasonable price and in a timely manner</i>  <i>\$ Ensure continuity of Treasury operations</i>  <i>\$ Strengthen Treasury's ability to ensure proper and effective oversight of bureau operations</i></p> <p><b>GOAL: IMPROVE CUSTOMER SATISFACTION</b></p> <p><b>GOAL: IMPROVE EMPLOYEE SATISFACTION</b></p>		

## **I. Economic Mission: Promote Prosperous and Stable American and World Economies**



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**ECONOMIC MISSION**

**PROMOTE PROSPEROUS AND STABLE AMERICAN AND WORLD ECONOMIES**

Treasury seeks to maximize the potential of the U.S. and world economies for growth and stability. In pursuit of this mission, the Secretary of the Treasury is the principal economic advisor to the President and plays a critical role in policy-making by bringing an economic and government financial policy perspective to issues facing the government.

In the domestic area, Treasury develops policies and provides guidance affecting fiscal matters, financial institutions, financial regulation, and capital markets. Treasury also oversees the activities of the Office of the Comptroller of the Currency and the Office of Thrift Supervision. The primary mission of these two offices is to ensure the safety and soundness of National Banks, Federally-Chartered Savings Associations, and Federally Chartered Savings Banks. In addition, through the Community Development Financial Institutions Fund program, Treasury seeks to promote economic growth in distressed communities by increasing the availability of business capital and financial services. Treasury works closely with other agencies on cross-cutting activities to ensure coordination as it works to achieve its economic goals. The principal agencies include the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Departments of Health and Human Services, Housing and Urban Development, Labor, and Commerce, the Small Business Administration, and various Executive Office councils and offices, such as the National Economic Council and the Office of Management and Budget.

In the foreign arena, Treasury is the principal Cabinet agency charged with developing policies and guidance in the areas of international monetary and financial affairs, trade and investment policy, international debt strategy, and U.S. participation in international financial institutions. Agencies Treasury works with include the Department of State, the Federal Reserve System, the Office of the United States Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and various Executive Office councils and offices.

Overall, it is difficult to attribute performance in the economic arena to a specific agency because efforts are coordinated by several U.S. agencies. In addition, since the issues are complex, and numerous factors affect the outcome, qualitative indicators must be considered as well as quantitative measures. For example, developing contacts and access to foreign governments and public diplomacy exchanges to build understanding do not lend themselves to quantitative measurement. Additionally, some of the benefits of U.S. participation in international affairs may be seen only indirectly over long periods of time.

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<b>GOAL: PROMOTE DOMESTIC ECONOMIC GROWTH</b>
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Treasury develops and implements policies related to domestic economic development, tax policies and programs, banking and financial institutions, and other fiscal matters. Working with other agencies and organizations, Treasury works to improve retirement security, increase saving rates, strengthen entitlement programs, improve economic growth in impoverished communities, improve the transparency, integrity, and efficiency of the U.S. financial markets, and improve the structure and safety of financial institutions. Treasury also contributes to this goal through their regulation of the safety and soundness of the financial institutions they oversee, and their compliance with community investments and fair lending laws.

**Key Partners in Achieving this Goal Include:** The Departments of Commerce, Housing and Urban Development, and Health and Human Services, the Small Business Administration, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the White House, various advisory committees, and Congress.

**Key Factors Affecting Achievement of this Goal Include:**

- **Economic activity and performance.** The performance and conditions of the economy will influence and affect most of the above objectives to some degree.
- **Changes in the financial services industry.** Competitive pressures, consolidation of financial institutions, development of new products and services, and other changes in the market will impact efforts to improve and modernize the U.S. financial system.
- **Changing demographics.** During the next decades, the retirement of the baby-boomers is expected to put pressure on the Social Security and Medicare systems, particularly affecting objectives relating to retirement security.
- **Changing technology.** Rapidly-changing technology may affect the operation and risks of the U.S. payments system and the flow of savings into financial institutions and other investment media.

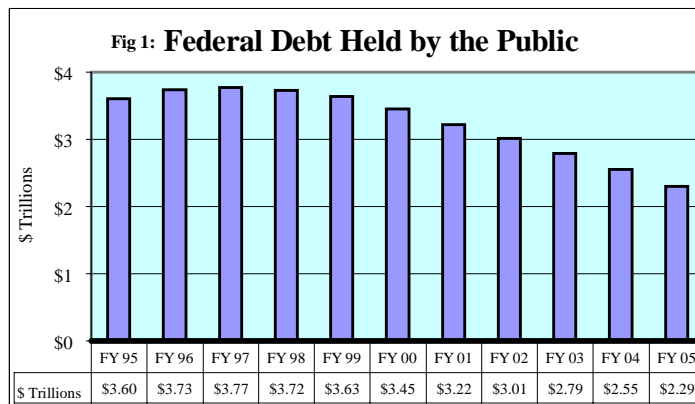
**DEPARTMENT OF THE TREASURY  
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**Treasury Objective: Reduce Public Debt to No More than \$2.3 Trillion by 2005**

**Purpose:**

The unified Federal budget was in surplus in FY 1998, well ahead of the original FY 2002 target. In 1997, when the objective of balancing the budget by FY 2002 was established, available budget projections showed unified deficits continuing at around \$100 billion per year. Since that time, ongoing fiscal responsibility and a strong economy have produced an improved budget outlook with growing unified budget surpluses into the future, leading to our first back-to-back budget surpluses in over forty years.



In FY 1998 and FY1999, approximately \$140 billion of the public debt held by the public was paid down after 29 years of increases. This year, we are on track to paying down more than \$221 billion additional debt held by the public. With continued budget surpluses, the Federal Government will pay down more of the public debt (see Fig. 1).

**Means and Strategies:**

- Pay down Treasury debt in a manner that best promotes the efficiency and stability of capital markets.
- Provide continuing analytical support for the view that fiscal responsibility – including real pre-funding for Social Security and Medicare – will promote economic growth. Analyze proposals that Members of Congress and others may put forward with implications for the long-term fiscal stance of the government. Assist in the outside presentation of the Administration's long-term fiscal strategy through speeches, testimonies, and other appropriate forums.
- Participate in the interagency process of devising the long-term fiscal strategy of the Administration, and work with other agencies to coordinate their strategies for operating in an era of declining national debt. (For example, this would include the Federal Reserve, which currently holds marketable Treasury securities as the main asset on its balance sheet.)

**Responsible Offices:**

The Department's Offices of Economic Policy, Domestic Finance, Tax Policy and General Counsel provide key analyses and information on budget policy, deficit reduction, and related issues to the White House and top Administration officials. Together these groups monitor economic outlook and policy issues, determine the Administration's economic assumptions, and develop the Administration's policies and policy positions.

**How Progress Will Be Measured:**

For this objective, Treasury will measure the extent to which the public debt is paid down.

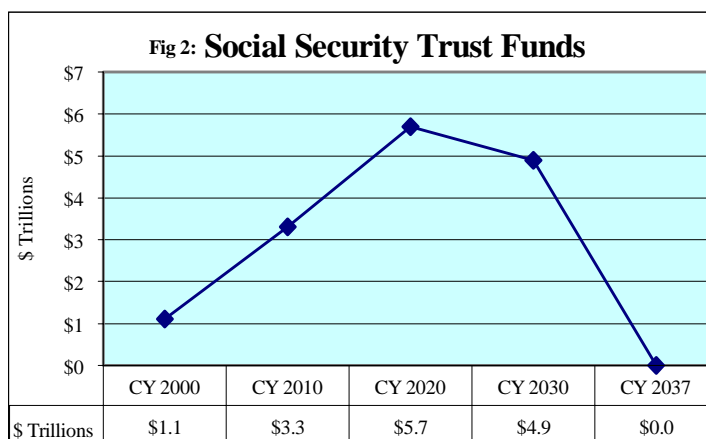
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**Treasury Objective: By 2005, Achieve 75-Year Solvency for Social Security, and Extend the Projected Solvency for Medicare Beyond 2025**

**Purpose:**

Entitlement reform remains a major challenge for the Nation. Revenues for the Social Security Administration's Old-Age, Survivors, and Disability Insurance Program (OASDI), will exceed expenditures until 2015. Combined with interest earnings on the Trust Funds, this will result in rapid accumulation of assets through the early 2020s. Total income is then estimated to fall short of expenditures beginning in 2024 and each year thereafter. Consequently, Trust Fund assets would be redeemed to cover the difference until the funds are exhausted in 2037 (see Fig. 2). When the Fund is exhausted in 2037, tax revenue will be sufficient to pay 72 percent of current-law benefits.



The Medicare Trust Fund is currently projected to be exhausted by as early as 2025.

**Means and Strategies:**

- Support Administration efforts to extend the solvency of the Social Security Trust Fund and participate in the interagency process to develop policies related to long-term entitlement reforms.
- Provide analyses of any Administration and Congressional proposals for long-term reform of programs, including analyses of distributional effects.
- Help prepare and ensure the technical quality of the annual reports of the Social Security and Medicare trustees to Congress, which provide the most authoritative assessment of the financial status of these funds.
- Support legislation to introduce competition among managed-care plans and traditional fee-for-service plans in Medicare.

**Responsible Offices:**

The Secretary of the Treasury is the Managing Trustee of the Social Security and Medicare Trust Funds and is a leading member of the Administration's economic team. Treasury's Office of Economic Policy provides support to the Secretary in this capacity. Treasury plays a leading role in developing the assumptions on real wage growth, interest rates, and inflation that the Trustees use in evaluating the programs, and in setting the economic assumptions used in the annual report. The Office of Economic Policy and the Office of Domestic Finance also represent the Treasury in interagency efforts to develop and promote reforms of the current system.

**How Progress Will Be Measured:**

Progress will be measured by the extent to which we have achieved 75-year solvency for Social Security and extended the solvency of Medicare beyond 2025. Treasury will also provide qualitative descriptions of progress made in instituting significant reforms aimed at securing the future of entitlement programs.

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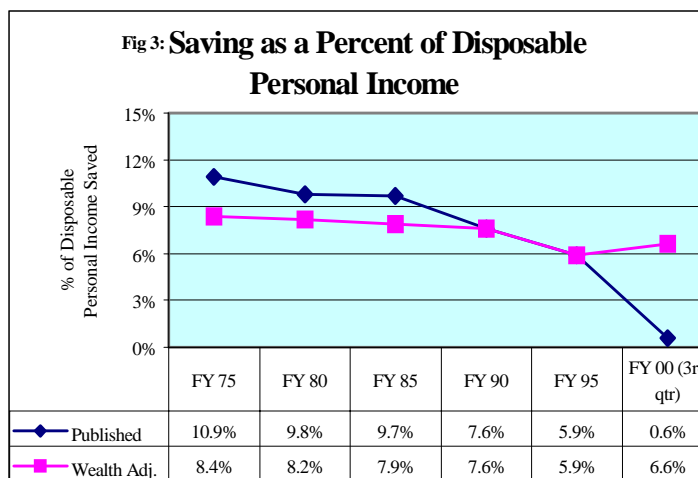
**Treasury Objective: Improve Retirement Security by Increasing Personal Savings and by Expanding Pension Coverage and Participation**

**Purpose:**

Many households are woefully unprepared for retirement or financial emergencies. Unfortunately, personal savings for all too many Americans are wholly inadequate to fill the gap left after Social Security and pension coverage. Indeed, in the 1998 Survey of Consumer Finances, only 56 percent of families reported that they had saved anything at all in the previous year. Half of households on the brink of retirement (age 55 years to 64 years) had financial holdings of less than \$46,000.

Although private pension coverage continues to grow, in 1999 only 44 percent of private wage and salary workers were covered under an employer's pension plan, leaving more than half of these workers without the security of pension income for their retirement years. Coverage was less for women, minorities, employees of small businesses, and low-earning workers.

At the aggregate national level, the personal saving rate has dropped precipitously. In large part, this reflects the dramatic run-up in equity valuations during the past few years. But even on a wealth-adjusted basis, the saving rate has eased from the levels prevailing before 1990 (see Fig. 3).



**Means and Strategies:**

- Continue efforts to develop proposals to increase pension coverage and participation, especially among lower- and moderate-income workers.
- Coordinate pension reform with long-term entitlement reform to assure that the goal of adequate retirement income security is achieved in the context of an aging society.
- Promote the security of defined benefit pension plans through the operation of the Pension Benefit Guaranty Corporation.
- Provide technical support for Congressional staffs drafting proposed legislation in the area of pensions and retirement saving.
- Develop proposals to increase saving, through public education efforts, including the National Partners for Financial Empowerment and U.S. Savings Bond marketing efforts. Continue current efforts to target carefully expansions of tax benefits for saving, such as expanded Individual Retirement Accounts, consistent with other important goals, including tax policy objectives and within the framework of a balanced budget.

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**Responsible Offices:**

Treasury's Offices of Tax Policy and Economic Policy work with the Department of Labor to develop policy proposals related to retirement and pension plans. The Treasury Offices provide in-depth studies and analyses on trends and projections, as well as the implications of policy proposals. Treasury's Offices of Domestic Finance and Tax Policy support the Secretary of the Treasury in his capacity as a member of the Board of Directors of the Pension Benefit Guaranty Corporation. Treasury's Offices of Economic Policy, Domestic Finance, Treasurer, Public Affairs, Legislative Affairs and Public Liaison are involved in the National Partners for Financial Empowerment (NPFE). The NPFE's goal is to coordinate the efforts of its partners - Government agencies, corporations, and non-profit organizations – to (1) improve personal saving rates and personal financial management skills, including among low- and moderate-income individuals; (2) educate people on how to make informed choices for common financial transactions, (3) increase consumers' preparation to take full advantage, as appropriate, of the products and services of the financial services industry, and (4) reduce the incidence of personal bankruptcy due to excessive consumer debt.

**How Progress Will Be Measured:**

For this objective, the Department will report on the wealth-adjusted personal saving and other measures of household financial conditions and on pension plan participation trends. The Department will also provide qualitative descriptions of policy proposals devised to encourage workers and employers to increase pension saving and households to increase saving. The Department will continue to foster the development of the NPFE, which includes interested financial, business, community, faith-based and consumer organizations.



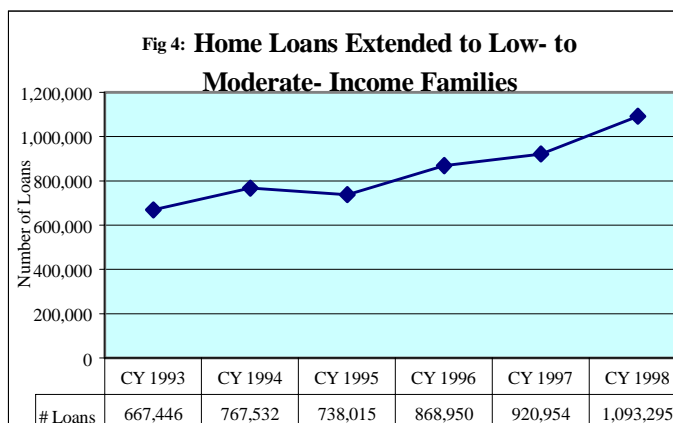
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**Treasury Objective: Help Bring Residents of Distressed Communities into the Economic Mainstream by Promoting Fair and Efficient Delivery of Credit and Other Financial Services**

**Purpose:**

An ongoing national priority is to increase the number of Americans able to fully participate in and benefit from the vibrant U.S. economy. Treasury helps the Nation achieve this goal by finding ways to ensure that credit and other financial services are available to those most in need of assistance. Recent national data indicate that the availability of capital for low- and moderate-income communities is improving.

According to the Federal Financial Institutions Examination Council, the number of home loans extended to low- and moderate-income borrowers increased by 64 percent between FY 1993 and FY 1999 (see Fig. 4). Between 1997 and 1998 (the latest available data), these loans increased a total of 19 percent; the number of home loans to African Americans increased by 9 percent; the number of home loans to Hispanics increased by 16 percent; and the number of home loans to Native Americans increased by 21 percent. According to the same data, access to credit for small businesses in low- and moderate-income communities is also improving. In 1998, banks and thrifts subject to community Reinvestment Act reporting requirements made \$33 billion in small business loans to low- and moderate-income communities.



Federal Reserve data indicate that the number of families with bank accounts is also increasing. A 1998 Federal Reserve study found that the number of families with bank accounts increased from 87.0 percent in 1995, to 90.5 percent in 1998. Families with annual incomes between \$10,000 and \$25,000 comprised a significant portion of the increase; their proportion grew from 82.3 percent to 86.5 percent. The study found that the number of lower-income families without bank accounts fell from roughly 11 million in 1995 to 8.4 million in 1998.

**Means and Strategies:**

- Formulate community development finance policies and other capital and credit access initiatives, and furnish economic advice and assistance to Federal agencies and other participants regarding these policies.
- Monitor the effectiveness of the Community Reinvestment Act (CRA).
- Monitor government-sponsored enterprises' mission fulfillment, especially in meeting housing goals and similar targets established for providing credit to distressed communities.
- Provide grants, loans, equity investments training, and technical assistance to community development financial institutions through the Community Development Financial Institutions (CDFI) Fund.
- Support growth in trade-impacted areas through the Community Adjustment Investment Program (CAIP).
- Develop policies to combat abusive or predatory lending.
- Develop tax incentives designed to improve the prospects for economic growth in distressed areas and increase job opportunities for low-income workers.
- Help develop, over the long-term, a secondary market for community and economic development loans to enhance liquidity and market performance.

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- Improve the public's financial literacy and increase access to the financial services system.
- Encourage the private sector to provide business mentoring to small businesses in distressed communities.
- Work with other Federal agencies and Congress to develop policies to move families from welfare to work.

**Responsible Offices and Programs and Related Strategic Goals:**

Policy offices responsible for this objective include the Assistant Secretary for Financial Institutions, Office of Community Development Policy, and the Assistant Secretary for Economic Policy.

***Community Development Financial Institutions (CDFI) Fund Strategic Goals:***

- Strengthen and expand the financial capacity of CDFIs;
- Strengthen the organizational capacity and expertise of CDFIs to better serve their markets;
- Expand financial service organizations' community development lending and investments; and
- Strengthen and expand microenterprise development organizations.

***Office of the Comptroller of the Currency (OCC) Strategic Goal:*** Fair access to financial services and fair treatment of bank customers.

***Office of Thrift Supervision (OTS) Strategic Goal:*** Actively support the thrift industry's efforts to expand the full range of housing, other credit, and financial services to all segments of the community through outreach programs, industry partnerships, and proactive supervision.

The ***Community Adjustment Investment Program*** (CAIP) is a partnership between the U.S. Government and the North American Development Bank for carrying out community adjustment and investment in the U.S. in support of the purposes of the North American Free Trade Agreement. The CAIP's mission is to help create and sustain jobs in U.S. communities experiencing temporary job dislocations attributable to changing trade patterns with Canada and Mexico. The Treasury Department chairs the Federal interagency committee that administers the CAIP.

**How Progress Will Be Measured:**

Progress will be measured in terms of trends in the availability of financial service and credit for low- and moderate-income communities, including the number of home loans extended to low- and moderate-income borrowers, the level of credit for businesses in low- to moderate-income communities, and the number of families with bank accounts.

Specific Treasury program success will be measured as indicated below:

- CDFI Fund's progress will be assessed through business results performance measures, including measures which report on the number of CDFIs receiving assistance, total non-Federal dollars invested in CDFIs, and diversity of CDFIs.

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- OCC will measure progress of a pilot consortium bank lending project, identify any trends, issues, and appropriate OCC responses in the area of predatory lending, integrate CRA compliance into safety and soundness examination activities, and facilitate national bank involvement in community development activities.
- OTS will use business results indicators such as thrifts with unsatisfactory CRA ratings on examinations, reduction of community development related regulatory barriers addressed, and new partnerships formed (activities/programs commenced or investments made as a result of OTS's outreach, training, or partnership building activities).
- CAIP's progress will be assessed through business results measures, including measures of the number of private jobs created or retained through CAIP financial assistance.
- Treasury's Office of Community Development Policy will provide qualitative descriptions of progress made in establishing policies, guidance, and analysis relative to financial institutions, financial regulations, availability of credit, and community development.

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**Treasury Objective: Improve and Modernize the U.S. Financial System**

**Purpose:**

Modernizing America's financial services industry to improve and enhance services to customers, and to increase efficiencies for financial services companies, has been an important policy objective for many years. Over time, the financial industry and regulators had used a variety of innovations to try to undo the separation of services (and restrictions on offering their products) that Federal law had established well over 65 years ago. These divisions and distinctions resulted in substantial competition, but competition that was largely inefficient, costly and unstable, and not in the public interest.

The Gramm-Leach-Bliley Act, enacted in November 1999, made several key improvements. The legislation:

- Establishes a new financial services system by allowing affiliations of financially-related firms (i.e., banks, securities firms, insurance companies), and by allowing nationally chartered banks to expand their activities and offer additional products and services.
- Improves and protects the Community Reinvestment Act (CRA) while at the same time extending the examination period for certain small banks with satisfactory or outstanding CRA ratings.
- Protects consumer privacy by requiring that financial firms advise customers of their privacy policies and allow customers to prevent certain disclosures.

**Means and Strategies:**

- Develop the Administration's policy positions, and legislative and regulatory proposals, regarding the structure, activities, safety, and regulation of financial institutions, and draft studies regarding financial institutions as requested by the Administration and Congress.
- Provide technical support to Congressional staffs in developing legislation that will encourage competition in financial services, protect consumers, and safeguard the public's interest in a sound financial system.
- Monitor the health of the federal deposit insurance system and provide analyses and proposals to reform the system.
- Participate in the development of the Administration's policy positions on, and legislative proposals regarding, government-sponsored enterprises; including the Student Loan Marketing Association, the Federal Home Loan Bank System, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farm Credit System, and the Federal Agricultural Mortgage Corporation.
- Monitor the financial condition and activities of the Federal Agricultural Mortgage Corporation and the Student Loan Marketing Association.
- Monitor financial market, technological, and regulatory developments related to electronic money.
- Work with other Federal entities (including the Department of Commerce, and the agencies that comprise the President's Working Group on Financial Markets) and Congress in continuing to monitor the emergence of electronic commerce.

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**Responsible Office and Related Bureau Strategic Goal:**

Treasury's Office of Domestic Finance provides analyses, recommendations, and policy advice in the areas of domestic finance, banking, fiscal policy and operations, and other related economic matters, including development of policies and guidance in the area of financial institutions. Treasury's Office of General Counsel provides legal analyses in support of this strategic objective.

***Office of the Comptroller of the Currency (OCC) Strategic Goal:*** A flexible legal, regulatory and market framework to enable the national banking system to provide a full competitive array of financial services.

**How Progress Will Be Measured:**

In measuring progress for this objective, Treasury will rely on qualitative descriptions of progress made in establishing policies, guidance, and analysis relative to financial institutions, financial regulations, availability of credit, community development, financial crimes, Federal Debt, capital markets, and other issues related to domestic finance.

OCC will assess its progress qualitatively in terms of the legal recognition of the full statutory range of bank powers, and enhancement of the national bank charter.

**Treasury Objective: Promote the Transparency, Integrity, and Efficiency of the Nation's Financial Markets**

**Purpose:**

Treasury is committed to making sure that the Nation's financial markets remain the most liquid and efficient in the world. Following the near collapse of Long-Term Capital Management in 1998 and the substantial losses incurred by other hedge funds, the public and private sectors have been increasingly concerned about the systemic risk posed by the potential failure of such an institution. The need to reduce systemic risk, in particular by improving market transparency and financial disclosure between counter-parties, was the impetus for a report prepared by the President's Working Group on Financial Markets.

The continued growth and development of the over-the-counter (OTC) derivatives market in the U.S. has been threatened by legal uncertainty under the Commodity Exchange Act (CEA). This vast institutional market could migrate overseas unless reforms are made to the regulatory structure. The creation of legal certainty for OTC derivatives, and the improvement of the efficiency, transparency and liquidity of the OTC derivative markets, was also the subject of a report by the President's Working Group.

**Means and Strategies:**

- Develop and implement policies to promote the transparency, integrity, and efficiency of the Nation's financial markets, and draft studies regarding financial markets as requested by the Administration and Congress.
- Administer Treasury regulations under the Government Securities Act and the uniform offering circular for marketable Treasury securities to maintain the integrity of the Government securities market and Treasury securities auctions, and provide appropriate investor protection.
- Coordinate regulatory oversight of financial markets through the President's Working Group on Financial Markets (which is chaired by Treasury and also includes the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Federal Reserve Board, and which draws on the expertise of other institutions, such as the Federal Deposit Insurance Corporation, OCC, OTS and the Federal Reserve Bank of New York).
- Assist in the clarification and improvement of legislation affecting financial markets, and work with other government agencies, the Congress, and the private sector to develop and maintain standards for privacy of financial and other records.
- Develop positions on digital signature legislation and other initiatives designed to take advantage of advances in technology while at the same time maintaining important consumer and other protections.

**Responsible Offices:**

The President's Working Group on Financial Markets, which is chaired by the Secretary of the Treasury and includes the Chairmen of the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Federal Reserve Board, provides a forum for the discussion of relevant issues and produces reports on subjects of importance to the financial markets. In addition, Treasury works directly with the Congress and the private sector to promote initiatives that will serve to increase the integrity and efficiency of the financial markets.

**How Progress Will Be Measured:**

For this objective, Treasury will rely on qualitative assessments of efforts which promote the transparency, integrity, and efficiency of the Nation's financial markets.

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**Treasury Objective: Apply Sound Government Financial Policy To All Relevant Governmental Issues**

**Purpose:**

Treasury has an on-going commitment to ensure that Federal lending, investing, and borrowing activities and legislation are consistent with long-standing Treasury policy. Particular emphasis is placed on policies governing Federal credit programs. The consistent application of Treasury policy in these areas allows the Government to achieve program objectives in the most cost-efficient manner, while minimizing the adverse effects on financial markets and the economy.

**Means and Strategies:**

- Provide financial and economic analysis and input into government policy-making processes and legislative proposals involving Government lending, investment, and borrowing.
- Improve analytic capability and access to relevant data sources, including improving knowledge of research in relevant fields, staff recruiting and computer access to data, cooperating with other agencies as needed.
- Work with other government agencies to ensure that Administration policies and proposals conform to sound government financial policy.
- Strengthen partnerships with the Chief Financial Officers Council, the Federal Credit Policy Working Group, and other appropriate organizations to identify and articulate government-wide financial policy issues.
- Train Federal employees in sound government financial policies.

**Responsible Offices:**

Domestic Finance plays the leading role in this area, but often works with other Treasury offices -- particularly the Office of the General Counsel -- depending on the nature of the issue or policy. Domestic Finance also works with the Office of Management and Budget, other Federal agencies, and Congressional staffs to achieve this objective.

**How Progress Will Be Measured:**

For this objective, Treasury will rely on qualitative assessments of progress achieved in applying sound government financial policy.

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**Treasury Objective: Protect the Public and Prevent Consumer Deception in Specific Regulated Commodities**

**Purpose:**

The Bureau of Alcohol, Tobacco and Firearms (ATF) protects the public by ensuring that the alcohol, tobacco, firearms and explosives industries meet safety and product-identity standards and by keeping ineligible or prohibited persons from entering these industries. ATF also works to prevent tainted alcohol or tobacco products from reaching the market. In recent years, there have been no instances of such tainted products reaching the market.

ATF's compliance programs for the alcohol and tobacco industries have been successful in that regulatory violations appear to be decreasing. From FY 1997 to FY 1999, the number of violations found in the alcohol and tobacco industries per hundred inspections decreased from 27 to 16. However, during that same period, the number of safety violations per hundred inspections in the explosives industry increased from 8 to 13. This increase may be attributable to ongoing improvements in the quality of ATF's explosives inspection programs.

**Means and Strategies:**

- Assure the integrity of the products, people, and companies in the marketplace by ensuring that only qualified applicants enter the regulated industries, review and act on label and formulas for alcohol beverage products, and perform appropriate testing, laboratory analysis and document review to ensure product safety and integrity.
- Ensure compliance with laws and regulations by inspecting license and permit holders, investigating violations of trade practices and thefts of regulated commodities, educating interested parties on the laws and regulations, and responding to industry and consumer complaints.
- Assure the adequacy and truthfulness of information provided to the public by publicizing information on ATF policies and regulations, informing and guiding regulated industries on Federal laws, and working with others to better inform, advise and educate the public.

**Related Bureau Strategic Goal:**

<p><b><i>Bureau of Alcohol, Tobacco and Firearms Strategic Goal:</i></b> Protect the public and prevent consumer deception in ATF's regulated commodities.</p>
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**How Progress Will Be Measured:**

Progress will be measured by ensuring that the alcohol, tobacco, firearms and explosives industries meet safety and product-identity standards, by keeping ineligible or prohibited persons from entering these industries, and by preventing tainted alcohol or tobacco products from reaching the market.

ATF will assess progress against this objective through performance measures that assess business results, such as responses to unsafe conditions and product deficiencies and numbers of commodity seminars held.



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<b>GOAL: MAINTAIN U.S. LEADERSHIP ON GLOBAL ECONOMIC ISSUES</b>
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Treasury formulates and executes U.S. international economic and financial policies. In conjunction and cooperation with other Federal agencies and organizations, and other nations, Treasury works to promote sound macroeconomic policies and reforms, to strengthen International Financial Institutions (IFIs), to promote economic growth, poverty reduction and financial stability, and to facilitate trade and open access to foreign markets. Treasury monitors its success through several indicators, including economic conditions in foreign countries, the level of U.S. exports of goods and services, and the level of U.S. direct investment abroad.

**Key Partners in Achieving this Goal Include:** The Department of State, the Federal Reserve System, the Export-Import Bank, the Overseas Private Investment Corporation, the Office of the U.S. Trade Representative, the Organization for Economic Cooperation and Development, G-7 partners, G-10 partners, G-20 partners, the International Monetary Fund, and the multilateral development banks.

**Key Factors Affecting Achievement of this Goal Include:**

- **External shocks.** Economic and financial shocks are difficult to predict, and the effectiveness of responses to them depends to a significant extent on the adequacy of policies adopted by other countries and the reaction of financial markets. In addition, factors such as natural disasters, infectious disease, war, and civil unrest may adversely affect economic performance.
- **Increased globalization and complexity.** The rapid increase in the volume of financial transactions, types of financial instruments, and number of global players challenges the ability of the regulatory community to keep as modern as the market in its efforts to promote financial stability.
- **U.S. trading partners' commitment.** The degree of commitment of major U.S. trading partners to strengthening regional and multilateral trading initiatives and further opening domestic markets will have an impact on the achievement of the above objectives. This commitment may decline during financial crises.
- **Data availability and reliability.** Several objectives depend on major U.S. trading partners' willingness to participate in efforts to standardize trade data and electronic data transmission protocols, and to exchange data on a regular basis. In addition, Treasury often depends on data provided by private vendors, international organizations, and foreign governments. The accuracy of these data is determined by vendor quality control and foreign statistical procedures. Also, government agencies cannot require private sector data suppliers to use electronic means of transmission.
- **Difficulty of consensus.** Failure among officials from many different countries to agree on a flexible approach to economic and regulatory cooperation could delay progress in establishing new or expanding existing arrangements. Moreover, the U.S. must forge agreement with other member countries in the IFIs in order to achieve many of the objectives and strategies noted under this goal.
- **Predominance of private finance.** Private capital flows dwarf official resources. The capacity of the monetary authorities to influence events largely rests on their ability to influence financial markets' expectations.
- **Public support.** Economic and financial programs cannot be undertaken without public and political support, whether in the recipient countries or in donor countries.

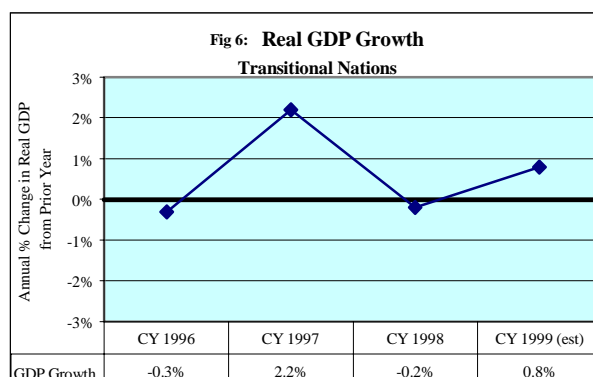
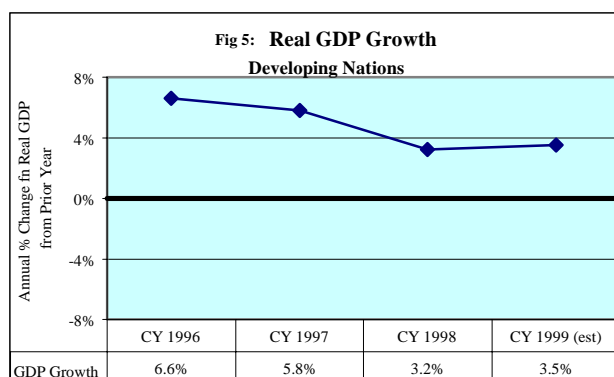
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**Treasury Objective: Promote Economic Growth and Sound Policies in Developing and Transitional Economies**

**Purpose:**

Over the long term, the U.S. benefits when developing and transitional countries expand their economies and open their markets. Developing countries are technologically less advanced, generally with low per capita incomes, principally in Africa, Asia and Latin America. The term is used to distinguish them from industrialized nations and also to distinguish them from “transitional” nations which are moving from a government-controlled economy to a market-based economy. Over the recent past, economic growth in developing and transitional countries has generally been positive (see Figs. 5 and 6), reflecting recovery from the effects of the 1998 financial crisis in Asia, Russia and elsewhere.

Economic growth that is necessary to reduce poverty and provide opportunity in these nations can further regional stability, and advance democracy and the rule of law. Sustainable development also ameliorates global economic and security problems such as the spread of infectious diseases and environmental degradation.



Treasury's efforts under this objective directly support the following goals in the *U.S. Strategic Plan for International Affairs*:

- Increase global economic growth and stability.
- Promote broad-based growth in developing and transitional economies to raise standards of living, reduce poverty and lessen disparities of wealth within and among countries.

**Means and Strategies:**

- **Promote economic reform through multilateral and bilateral efforts.** Promote sound economic programs and policies and encourage needed economic and financial reforms in developing and transitional countries. Pursue U.S. foreign economic policy objectives with these nations, working closely with other government agencies and international organizations, especially the international financial institutions. Participate in dialogues with other nations to encourage reform policies. Some of these are the newly established Group of 20 nations (G-20), the Financial Stability Forum, the Organization for Economic Cooperation and Development, the Finance Ministers of the Asia Pacific Economic Cooperation countries, the North American Financial Group of the North American Free Trade Area, the Summit of the Americas process, notably the Committee on Hemispheric Financial Issues, and the Manila Framework Group of finance ministries and central banks in Asia. Promote sound and sustainable economic policy agendas in bilateral groups such as the joint economic commissions (e.g., China, Israel, Egypt, South Africa, Turkey, Taiwan, India, Russia, Ukraine, Armenia, Azerbaijan,

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Kazakhstan and Georgia). Work directly with individual countries with serious economic and financial problems to recommend or help bring about economic reform. For countries in extraordinary debt situations, seek participation of official creditors and institutions and private sector investors and creditors in the nations' economic reform and recovery.

- ***Help heavily indebted poor countries (HIPC) and coordinate efforts with other creditor nations.*** Help poor countries suffering from heavy debt burdens design, implement, and finance sound, wide-ranging poverty reduction strategies. Implement the enhanced HIPC initiative endorsed by the G-7 to relieve more of the debt owed to the U.S. and other countries by thirty-four HIPCs (mostly in Africa). Work with international institutions, lenders in other countries, and non-governmental organizations on economically sound proposals by which lenders will cancel debt owed to them by these poor countries or work out longer-term repayment schedules to help finance poverty reduction and policy reform. Participate in regular meetings of an ad hoc group of official creditor nations, the "Paris Club," through which these lending nations coordinate their debt reduction and rescheduling agreements on the debt owed to them by developing and transitional countries.
- ***Encourage greater investment in global public goods.*** Promote greater investment in global public goods in developing countries, especially public health, environment and education. Work with other agencies and organizations to implement the Administration's initiatives to combat AIDS and fight childhood and other infectious diseases that continue to ravage poor nations (e.g., malaria, tuberculosis, hepatitis B, and yellow fever). Work with multilateral development banks and others to fund and implement global public goods initiatives, including helping developing countries achieve the 2015 target for universal primary education, which has been endorsed by the G-8. On the environment, expand the implementation of the Tropical Forest Conservation Act of 1998, through which the U.S. offers debt relief to developing countries that agree to protect their tropical forests. In addition, seek to clear U.S. arrears to the Global Environment Facility, which provides financing for global environmental benefits.
- ***Strengthen the rule of law and the environment for private investment; promote reforms which help root out corruption.*** Legal and institutional reform, transparent and competitive privatization, strengthened corporate governance, shareholder rights and disclosure, sound transparent budget practices, price decontrol, trade and investment liberalization, and measures to combat money laundering are all essential elements of a strategy to achieve this objective.
- ***Respond appropriately to financial crises.*** In responding to a country's unexpected financial crisis, recommend prompt approaches with an appropriate mix of domestic policy reform, external official support, and involvement of the country's private sector creditors to lay the basis for rapid restoration of sustained growth.
- ***Provide technical assistance and expert advice.*** Give emerging market and transitional economies on-site technical assistance and expert advice in tax, budget, financial institutions and banking, government debt issuance and management, and fighting financial crimes. Treasury has over 40 resident advisors stationed in some 30 countries and provides intermittent assistance to another 10 countries.

**Responsible Office:**

Within the Treasury Department, the Under Secretary for International Affairs is responsible for the means and strategies listed above to achieve the objective.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective primarily by determining whether economic, institutional, environmental, and health conditions improve in developing countries.

**Treasury Objective: Strengthen International Financial Institutions that Promote Global Economic Stability and Support Developing and Transitional Economies**

**Purpose:**

Over the long term, the U.S. benefits when developing and transitional countries expand their economies and open their markets. Durable economic growth that is necessary to reduce poverty and provide opportunity in these nations can further regional stability and advance democracy and the rule of law. Sustainable development also ameliorates global problems such as the spread of infectious diseases and environmental degradation.

Treasury's efforts under this objective directly support the following goals in the *U.S. Strategic Plan for International Affairs*:

- Increase global economic growth and stability.
- Promote broad-based growth in developing and transitional economies to raise standards of living, reduce poverty and lessen disparities of wealth within and among countries.
- Secure a sustainable global environment.

**Means and Strategies:**

The U.S. supports international financial institutions (IFIs) that help achieve U.S. strategic objectives of sustainable global economic development and financial stability through loans to developing and transitional countries to help them move their people out of poverty and toward prosperity. The IFIs include the International Monetary Fund (IMF), and the multilateral development banks (MDBs), such as the World Bank and the regional development banks.

Although the U.S. does not control or direct the operations of the IFIs, as a key member and major shareholder in these institutions, the U.S. helps strengthen them through financial support and leadership in encouraging reforms.

The strategies and policies of the IFIs can help meet another U.S. strategic objective of protecting the global environment. Development assistance can improve the capabilities of developing countries to reduce environmental degradation. The Global Environment Facility (GEF) funds projects to help developing countries deal with their environmental problems, which ultimately affect the global environment. Specific strategies include:

- ***Encouraging institutional reform.*** Press for a full range of internal, operational reforms in the IFIs, including the MDB reform agenda agreed to by the G-7 at the Economic Summit in Okinawa (July 2000). This includes improvements in institutional pricing to enhance selectivity, encourage graduation and rebuild unsustainable levels of debt. Work with other shareholders and outside groups to improve the IFIs' effectiveness, equip the IFIs to respond more effectively to financial crises, advance sound and fair business practices, make their finances and operations more open and transparent, sharpen the focus on performance, discourage long-term dependence, promote investment in public goods, and strengthen internal controls to prevent misuse of the loans countries receive.
- ***Paying off U.S. arrears on commitments to MDBs.*** Strengthen the MDBs and increase U.S. influence and leadership in these institutions by making full and timely payments of U.S. commitments and paying off overdue amounts (arrears). Work with the Congress to meet U.S. financial commitments to the MDBs.
- ***Improving openness and transparency.*** Improve the openness of finances and transparency of operations at the IMF, both within the institution itself and in the countries receiving financial assistance under IMF programs.
- ***Improving public health.*** Work with other agencies and organizations, including the MDBs, to combat HIV/AIDS and help eradicate childhood and other infectious diseases (e.g., malaria, tuberculosis, hepatitis, and yellow fever).

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- ***Addressing global environmental problems.*** Promote a sound and sustainable global environment through the IMF, World Bank and regional development banks' adherence to high environmental standards in all their operations. Make environmental considerations a routine part of loans to developing and transitional countries. Improve environmental coordination between these countries and the IFIs. Reduce emissions of greenhouse gases through increased World Bank funds set aside for clean energy projects and private sector energy development. Implement the reform agenda for the GEF, including performance measurement and fixed fees for project implementation. Seek to clear U.S. arrears to the GEF.
- ***Expanding primary education.*** Work with the MDBs and other organizations to help developing and transitional countries achieve the goal of universal primary education, targeted for 2015, as endorsed by the G-8.

**Responsible Office:**

Within the Treasury Department, the Under Secretary for International Affairs is responsible for the means and strategies listed above to achieve the objective.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective primarily by determining whether economic, environmental and health conditions improve in countries assisted through IFI programs.

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**Treasury Objective: Monitor the Global Economy and Promote International Economic Growth through Cooperation on Economic Policy**

**Purpose:**

America's economic performance in recent years has been exceptional, but U.S. expansion depends on balanced and sustainable world economic growth, particularly in the major industrial economies of Europe and in Japan.

One indicator of success in achieving world economic growth is the rate of growth in global gross domestic product (GDP). In each of the past four years, there has been positive real growth in global GDP (see Fig. 7).

Treasury's efforts under this objective directly support the following goals in the *U.S. Strategic Plan for International Affairs*:

- Increase global economic growth and stability.
- Open world markets to increase international trade and investment and the free flow of goods, services and capital.

**Means and Strategies:**

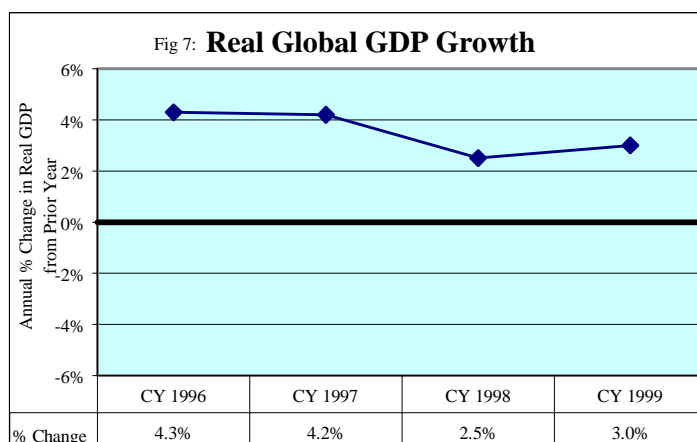
- Exercise leadership in multilateral fora including the G-7, the newly established G-20, the Financial Stability Forum (FSF), the Working Party Three (WP3) and other committees of the OECD, the G-10, and the IMF International Monetary and Financial Committee and the World Bank Development Committee to foster sound and credible economic policies and a stable, growing global economy.
- Actively manage bilateral relationships with other important economies to promote policies of mutual benefit.
- Prepare up-to-date and professional analyses of the global economy in order to formulate policies that ensure the maximum sustainable rate of economic growth.

**Responsible Office:**

Within the Treasury Department, the Under Secretary for International Affairs is responsible for the means and strategies listed above to achieve the objective.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess economic conditions of foreign countries that are major U.S. trading partners: Canada, European Union (Euro area), United Kingdom, Mexico, Japan, and China.



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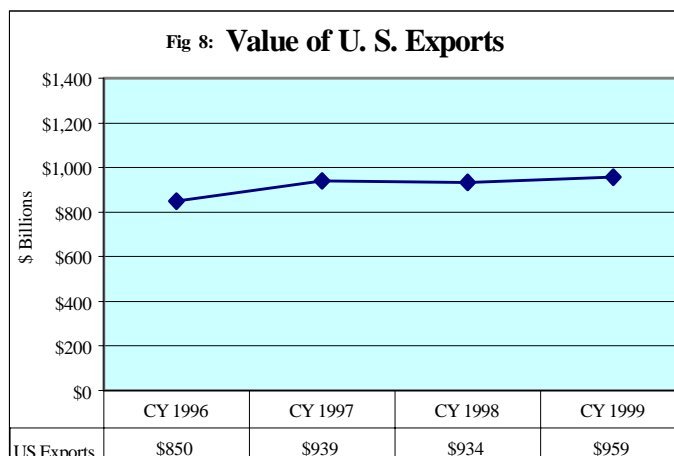
**Treasury Objective: Facilitate Legitimate Trade, Enhance Access to Foreign Markets, and Enforce Trade Agreements**

**Purpose:**

Treasury is working to achieve a strong, integrated international trading system. The U.S. strategic goal of opening world markets to increase trade will promote global prosperity, and prosperity will promote peace. As we integrate nations and people through trade, we invest in the future security of the U.S. and the rest of the world.

Treasury's efforts under this objective directly support the following goals in the *U.S. Strategic Plan for International Affairs*:

- Open world markets to increase international trade and investment and the free flow of goods, services and capital.
- Expand U.S. exports to \$1.2 trillion early in the 21<sup>st</sup> century (see Fig. 8).



**Means and Strategies:**

U.S. trade policy focuses on opening world markets, primarily through multilateral and regional trade agreements. The U.S. is a key participant in the World Trade Organization (WTO), which sets the ground rules that help ensure the free, smooth and predictable flow of trade among over 130 nations that account for more than 90% of the world's trade. The WTO serves as a forum for trade negotiations, reviews national trade policies, administers trade agreements, and resolves trade disputes. The United States will continue to press WTO members to launch a new Round of WTO multilateral trade negotiations. In addition, the United States plays a major role in the negotiations for the Free Trade Agreement of the Americas, which were launched in 1998 in order to achieve an agreement on hemispheric free trade by 2005.

Expanding membership in the WTO brings more developing and transitional countries, and emerging economies into the rules-based world trading system. For example, the successful negotiation for China's entry into the WTO (expected to be completed in FY 2001) will benefit the United States by providing unprecedented access to China's growing market for U.S. manufacturers and service providers and by further integrating China into the global economy. Treasury led the negotiations to increase access to China's markets for U.S. banks and other financial service providers. Successful conclusion in the future of WTO accession agreements with other nations such as Russia and Saudi Arabia will further benefit the U.S. and the global economy.

The U.S. also participates in another organization that promotes the expansion of world trade, the Organization for Economic Cooperation and Development (OECD). Through multi-national agreements, the OECD reduces obstacles to trade and contributes to sustainable economic growth and development in all the world's countries. Through the OECD, the U.S. is also working to effect the U.S. strategic goal of promoting a sustainable global environment and ensuring that environmental considerations are taken into account when negotiating trade agreements.

- ***Open world markets through multilateral regional and bilateral trade agreements.*** Launch a new round of broad-based multilateral trade negotiations in the WTO in order to increase trade in goods and services. Conclude trade negotiations, initiated in the WTO early in 2000, to reduce barriers to trade in agriculture and services, including financial services. Expand the scope of multilateral and regional trade arrangements, including completion of a free trade agreement with Jordan and negotiation of free trade in the Americas.

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- ***Bring emerging economies into the world trading system.*** Promote the integration of emerging economies into the world trading system by expanding WTO membership on a commercially sound basis, encouraging more open regimes for goods and services in these economies, and using trade preferences and multilateral technical assistance as appropriate to enable least developed countries to realize the benefits of trade.
- ***Implement U.S. trade policy.*** Stimulate and protect the economic interests of the U.S. by enforcing rules and agreements to reduce and eliminate foreign trade barriers, implementing U.S. trade policy, and, through the U.S. Customs Service, maintaining a sound trade management system that maximizes compliance with import and export laws.
- ***Obtain foreign market access for U.S. financial services.*** Secure new agreements with other countries or use existing agreements to secure market access in foreign countries for U.S. financial service providers (e.g., U.S. securities firms and banks).
- ***Improve integrity and fair trade through OECD agreements.*** Working with U.S. Department of Agriculture and U.S. Trade Representative (USTR), bring discipline to agricultural export credits, as agreed in the Uruguay Round. Continue aggressive enforcement of the tied aid rules. Monitor developments in the tied aid practices of others, as well as the commercial viability of new technologies, to ensure that the rules remain adequate to maintain the existing level of discipline. Launch negotiations to discipline untied aid, which is official aid financing that is not contractually tied to the exports of the donor government, but distorts trade nevertheless. This could include using tied aid resources to match foreign untied aid financing in order to leverage negotiated disciplines. Launch negotiations to discipline market windows, which are quasi-official institutions that finance national exports and can distort trade vis-à-vis U.S. exporters and U.S. private financial institutions through the advantages they receive as government-sponsored entities. Continue to press for the development of common environmental guidelines for OECD export credit agencies in order to ensure that environmental degradation is not used as a competitive tool to disadvantage U.S. exporters.

**Responsible Offices:**

The Under Secretary for International Affairs has principal responsibility for the means and strategies listed above. Treasury advises and works with the USTR and the State Department and with international organizations in international trade negotiations. The Under Secretary for Enforcement, through the U.S. Customs Service, protects the economic interests of the United States by maintaining a sound trade management system that maximizes compliance with import and export laws.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective primarily by the trend in the dollar value of U.S. exports of goods and services and the number and scope of bilateral and multilateral agreements negotiated which provide access for U.S. goods and services, especially financial services.

The U.S. Customs Service will assess progress against this objective by measuring the level of compliance with U.S. trade laws and regulations.

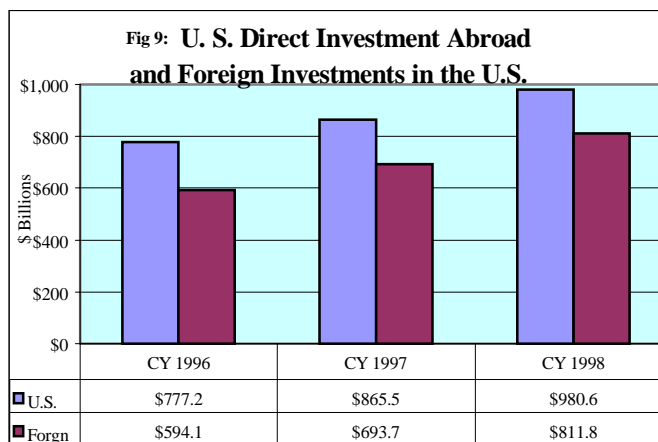


**Treasury Objective: Strengthen the Stability and Efficiency of Global Capital Markets and Promote a Sound Framework for International Investment**

**Purpose:**

As the world moves to a truly global economy, U.S. economic prosperity is increasingly linked to international investment, trade, and capital flows. Desired outcomes are open world markets, the free flow of capital worldwide, growth and greater efficiency in global capital markets, and greater international investment—particularly U.S. investment abroad, but also foreign investment in the U.S. (see Fig. 9).

Another desired outcome of this objective is a strong global financial architecture. Globalization has brought a rapid increase in the number of global players, volume and complexity of financial transactions, and types of financial instruments—with increased risks to the international financial system and increased vulnerability to financial crises.



Treasury's efforts under this objective directly support the following goal in the *U.S. Strategic Plan for International Affairs*: Open world markets to increase international trade and investment and the free flow of goods, services, and capital.

**Means and Strategies:**

- ***Strengthen the international financial system.*** To better assess potential vulnerability to the global financial system, Treasury helped create an international Financial Stability Forum to assess vulnerabilities of the international financial system, identify and oversee actions needed to deal with them, and improve coordination among the various authorities responsible for financial stability. Treasury will continue its efforts to strengthen the international financial system so that it is resilient enough to withstand the failure of a major financial institution or a major market break. This will include: supporting principles for enhanced regulatory cooperation; establishing a wide, closely linked network of officials to address emergencies; assessing the risk posed by global firms and maintaining high standards for their management controls; encouraging cooperation among regulators and the private sector; and enhancing openness and transparency through public disclosure and meaningful risk-based reporting.
- ***Reduce financial risks and encourage free flow of capital.*** Strengthen financial systems and reduce risks through sustainable exchange rate systems and regimes, prudent measures to discourage excessive short-term capital flows, and improved debt management. Promote growth and greater efficiency in global capital markets by eliminating national barriers, and other unnecessary legal impediments, to the free flow of capital.
- ***Promote international investments while reviewing certain foreign acquisitions and mergers with U.S. firms, for possible impact on national security.*** Promote international investment, working with other agencies, including U.S. Trade Representative (USTR) and the State Department, to negotiate bilateral income tax conventions, and bilateral investment treaties and agreements with selected foreign countries and areas. Preserve the principles of an open investment policy and welcome foreign investment in the U.S., while protecting national security. (As Chair of the Committee on Foreign Investment in the U.S. (CFIUS), Treasury reviews and considers the national security implications of certain foreign acquisitions of U.S. businesses and mergers with U.S. firms by foreign entities.)

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- ***Stimulate U.S. direct investments abroad.*** Working with the Department of State and USTR, encourage foreign Governments to open their economies to U.S. investment. One progress indicator is the level of U.S. direct investment abroad. (Direct investments (rather than portfolio or stock investments) are those in which a U.S. individual or business buys or holds over 10 percent of the equity in a foreign company.)
- ***Respond appropriately to financial crises.*** In responding to a country's unexpected financial crisis, recommend prompt approaches with an appropriate mix of domestic policy reform, external official support, and involvement of the country's private sector creditors to lay the basis for rapid restoration of sustained growth.
- ***Combat financial crime to help ensure the credibility of the global financial system.*** Treasury has taken the lead in integrating the work of the Financial Action Task Force (money laundering), the Organization for Economic Cooperation and Development (tax evasion), and the Financial Stability Forum (off-shore financial centers). In the last year, Treasury and other Federal agencies, primarily State and Justice, have intensified efforts to promote international compliance with international standards. Treasury will continue its efforts to ensure that the global financial system's creditability and efficiency are not undermined by the effects of financial abuse, including money laundering and corruption. These efforts include: assessment of jurisdictions' compliance with international standards, on-going dialogue with identified countries, and working with the international financial institutions to encourage and support countries in their fight against money laundering and other forms of financial abuse.

**Responsible Offices:**

Two Treasury offices are principally involved in considering international investment policy issues. The Under Secretary for International Affairs, working with the State Department and U.S. Trade Representative, negotiates investment treaties with other countries. Treasury serves as Chair of CFIUS. The Assistant Secretary for Tax Policy develops policies on taxation of international income, negotiates tax treaties with other countries, and supports negotiations of investment treaties.

**How Progress Will Be Measured:**

Treasury will gauge progress against this objective primarily through performance goals that assess the level of U.S. direct investment abroad and the level of foreign direct investment in the U.S.

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**Treasury Objective: Pursue Exchange Rate Policies to Promote Stable Financial Systems**

**Purpose:**

In this increasingly interdependent world, one nation's financial crisis can have global consequences that affect the U.S. economy and each American. Maintaining global and regional financial stability is in the U.S. national interest. Treasury represents the U.S. internationally on monetary issues and plays a key role in charting the course in the evolution of the international financial system. Treasury works with other nations and financial centers and institutions to reduce risk and ensure resilience of the international financial system.

In a rapidly changing global financial system, currency exchange rate systems (or regimes) must cope with change. A stable system of exchange rates and flexible but orderly exchange rate arrangements can help assure global financial stability. Under this objective Treasury seeks to avoid large and sustained misalignment of currency exchange markets that would cause significant economic and financial disruptions. When a crisis does arise, the U.S. works with other countries and international organizations to stabilize currency exchange markets and resolve the crisis quickly.

Treasury has primary responsibility for U.S. foreign exchange operations. Through its Exchange Stabilization Fund, with over \$40 billion in assets, Treasury can promote U.S. interests by dealing with excessive fluctuations in currency values.

Treasury's efforts under this objective directly support the following goal in the *U.S. Strategic Plan for International Affairs*: Increase global economic growth and stability.

**Means and Strategies:**

- ***Monitor exchange rates and market developments.*** Monitor the value of U.S. currency against the currencies of our major trading partners and other countries, and prepare analyses of market developments, risks and vulnerabilities. Analyze and interpret market signals relating to key financial risks as well as broader economic issues.
- ***Avoid currency crises in emerging markets.*** Develop and implement policies that promote a stable system of exchange rates and flexible but orderly exchange rate mechanisms. Work with the International Monetary Fund (IMF) and the other G-7 nations (Canada, France, Germany, Italy, Japan, and the U.K.), to develop and promote exchange market strategy. Help other countries establish exchange rate systems that are appropriate, command the trust of their citizens and foreign investors, accommodate regional and global integration, and remain resilient over time.
- ***Use the Exchange Stabilization Fund.*** Deal with excessive fluctuations in currency values through use of the Exchange Stabilization Fund. Achieve and protect U.S. national interests by dealing in gold, foreign exchange, and other instruments of credit and securities, as the Secretary considers necessary, and, consistent with U.S. obligations in the IMF, to maintain a stable system of exchange rates and orderly exchange arrangements.

**Responsible Office:**

Within the Treasury Department, the Under Secretary for International Affairs is responsible for the means and strategies listed above to achieve the objective.

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**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance indicators that assess avoidance of large and sustained misalignment of exchange markets that would cause significant economic and financial disruptions. The leadership the U.S. shows in developing and implementing policies that help avoid financial crises and in dealing with these crises quickly when they do occur is measured in terms extent of exchange rate stability over time.

## II. Financial Mission: Manage the Government's Finances



## **FINANCIAL MISSION**

### **MANAGE THE GOVERNMENT'S FINANCES**

As the primary fiscal agent for the Federal government, Treasury manages the Nation's finances through collecting money due the United States, making its payments, managing its borrowings, performing central accounting functions, and producing coins and currency sufficient to meet demand. The bulk of the Department's resources are devoted to collecting taxes and customs duties -- Treasury collects approximately 95% of total Federal receipts.

The Internal Revenue Service is the primary tax collecting agent; the U.S. Customs Service and the Bureau of Alcohol, Tobacco and Firearms also collect billions of dollars in revenue each year. The Financial Management Service oversees, accounts for, and reports on government collections and expenditures, is the chief disbursing officer of Federal payments, and is responsible for collecting delinquent Federal debt government-wide. The Bureau of the Public Debt executes the borrowing strategy determined by Treasury in order to borrow what is necessary to meet the monetary needs of the Federal Government at the lowest possible cost over the long-term. United States coins and currency are produced by the U.S. Mint and the Bureau of Engraving and Printing.

In achieving the goals in this mission area, Treasury ensures liaison and coordination with other agencies on cross-cutting activities. These include almost all Federal program agencies for payments and debt collection activities, and the Federal Reserve System for payments, collections, operational aspects of the distribution and redemption of government securities, and the circulation of coin and currency production. Similarly, the financial services regulatory agencies are conducting an active coordination effort within common areas of banking regulation.

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<b>GOAL:</b>	<b>COLLECT REVENUE DUE TO THE FEDERAL GOVERNMENT</b>
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Treasury is responsible for the collection of approximately 95% of total Federal receipts, such as individual and corporate income and other taxes, customs duties, fees, debts, and other money owed to the U.S. Government. The bulk of the Department's resources are devoted to collecting taxes and customs duties. Each year the Internal Revenue Service (IRS) collects more than \$1.5 trillion primarily through the Electronic Federal Tax Payment System (EFTPS). The U.S. Customs Service collects approximately \$20 billion and the Bureau of Alcohol, Tobacco and Firearms approximately \$12 billion each year. The Financial Management Service is responsible for administering the world's largest collection system, including EFTPS, and facilitates efficient collections by promoting electronic collections to Federal agencies. The purpose of this goal is to stimulate timely, complete collection of all monies due the government consistent with good customer service and business efficiency.

***Key Partners in Achieving this Goal Include:*** The Federal Reserve System and the banking system.

***Key External Factors Affecting Achievement of this Goal Include:***

- **Privacy and rights issues.** The IRS must make certain that taxpayer privacy and rights are protected as it explores more efficient and effective means to deliver service and enforce compliance.
- **Changes in the Internal Revenue code.** Changes made for various policy reasons to the Code often pose challenges for tax administration.
- **Budgeting constraints and uncertainties.** Resource limitations and uncertainties make it difficult to improve effectiveness through either increases in personnel or large investments in productivity enhancing equipment, even if they represent sound investments. Without investments in increased productivity, reductions in the IRS's budget will lead to degradation in compliance and/or customer service.
- **The changing nature of the economy.** The evolution of the traditional paper-based economy to one founded in electronic transactions complicates identifying and verifying financial transactions for tax liability purposes. In addition, the growth of self-employment and small businesses reduces the IRS's ability to depend on automatic and accurate income reporting to enforce tax compliance (i.e., W-2's).
- **Electronic commerce.** The speed of adoption of electronic commerce will have an effect on the administration and collection of taxes.

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**Treasury Objective: Improve and Simplify Tax Laws and Administrative Guidance,  
Consistent with Important Tax Policy Goals**

**Purpose:**

Nearly everyone, it seems, believes that the Federal tax system should be improved and simplified. But there are nearly as many different, often conflicting ideas for achieving that as there are people who discuss it. Assessing the different claims and proposals is a continuous and difficult task. Treasury is committed to improving and simplifying tax laws and administrative guidance in a manner consistent with important tax policy goals such as fairness, efficiency, progressivity, and effective enforcement.

**Means and Strategies:**

- Treasury's Office of Tax Policy and the IRS will work within the Administration and with Congress to identify and modify provisions of the Internal Revenue Code, and Treasury and IRS guidance requiring improvement or simplification. Modifications will be consistent with important tax policy goals and considerations such as fairness, equity, minimal burden, economic efficiency, progressivity and revenue considerations.
- Treasury will continue its study to estimate the amount of time and out-of-pocket cost to taxpayers in meeting their tax responsibilities including prefilling, filing and postfiling burden. This study will determine where the Treasury and the IRS have opportunities to reduce burden and measure the impact of IRS strategies, programs, and initiatives.
- Under the IRS Restructuring and Reform Act of 1998, the Commissioner is required to provide an annual report analyzing the sources of complexity in the administration of Federal tax laws. The report provides for consideration of options for modifying or repealing provisions the Commissioner believes may add undue and unnecessary complexity to the administration of the Internal Revenue Code. The report is considered in development of the Administration's annual Budget and other proposals for changes to the tax code as well as administrative guidance.
- The Bureau of Alcohol, Tobacco and Firearms will reduce taxpayer paperwork burden associated with collection of the revenue by continuing to automate business applications at the National Revenue Center (NRC) and will increase NRC audits of taxpayers and collect delinquencies to ensure voluntary compliance.

**Responsible Offices and Related Bureau Strategic Goals:**

This objective is a Departmental Offices' responsibility (Office of Tax Policy) shared with the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms.

***Internal Revenue Service Strategic Goal:*** Top quality service to each taxpayer. The IRS will provide top quality service to each taxpayer with whom it deals by making filing easier, providing first quality service to each taxpayer needing assistance with his or her return or account, and providing prompt, professional, helpful treatment to taxpayers in cases where additional taxes may be due.

***Bureau of Alcohol, Tobacco and Firearms Strategic Goal:*** Maintain a sound revenue management and regulatory system that continues reducing taxpayer burden, improves service, collects the revenue due, and prevents tax evasion and other criminal conduct.



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**How Progress Will Be Measured:**

Success of this objective is measured by Treasury reporting qualitative progress on the extent to which complexity has been reduced by Treasury administrative guidance, legislative recommendations, and administrative actions by the Internal Revenue Service.

## **Treasury Objective: Increase Compliance with Tax Laws**

### **Purpose:**

Voluntary compliance is the cornerstone of America's revenue collection system. Compared with many other countries, U.S. taxpayers as a group are highly compliant with the nation's tax code and laws.

### **Means and Strategies:**

The Internal Revenue Service's (IRS) mission is to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. The specific strategies that the IRS will pursue include:

- **Assisting the large majority of taxpayers** already complying in meeting their tax obligations with the minimum burden possible, while working to ensure that those who do not comply voluntarily pay their just share. This strategy will be guided by the following:
  - Understand and solve problems from the taxpayer's point of view;
  - Enable managers to be accountable;
  - Align measures of performance at all organizational levels;
  - Foster open, honest communication;
  - Insist on total integrity; and,
  - Demonstrate effective stewardship of assets and information entrusted to the IRS.
- **Investing in modern technology** necessary to improve customer service delivery and address identified problem areas. Implementing new technology will be based on revamped business practices essential to properly support the modernization of the IRS, and to fully comply with the mandates of the IRS Reform and Restructuring Act of 1998. Paperless filing will continue to be the preferred form of filing and IRS will work to make this option available to more taxpayers and easier to use.
- **Supporting employee effectiveness** at all levels by providing them with high-quality technology tools, adequate training, and effective management in meeting IRS's goals.

The U.S. Customs Service will focus efforts on reducing the revenue gap by improving data accuracy, availability, reliability and correcting automated systems weaknesses associated with revenue collections.

### **Related Bureau Strategic Goals:**

#### ***Internal Revenue Service Strategic Goals:***

- **Top Quality Service to Each Taxpayer:** The IRS will provide top quality service to each taxpayer with whom it deals by making filing easier, providing first quality service to each taxpayer needing assistance with his or her return or account, and providing prompt, professional, helpful treatment to taxpayers in cases where additional taxes may be due.
- **Top Quality Service to All Taxpayers:** The IRS will consistently apply the law with integrity and fairness to all, so those taxpayers who do not comply are not allowed to place a burden on those who do.
- **Productivity through a Quality Work Environment:** The IRS will increase productivity by providing a quality work environment for its employees that will increase job satisfaction and hold agency employment stable as the economy grows and service improves.

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***U.S. Customs Service Strategic Goal:*** Stimulate and protect the economic interests of the U.S. by maintaining a sound trade management system which maximizes compliance with import and export laws.

**How Progress Will Be Measured:**

Success of this objective is measured through an integral part of the IRS modernization program to establish balanced performance measures that support and reinforce achievement of the IRS's mission and overall strategic goals. An overview of the balanced measures system being implemented at the IRS is shown below. As seen in the matrix, there will be quantitative measurements keyed to each of the three strategic goals at both the strategic level and the operational level.

Strategic Goal	Measures	
	Strategic Level	Operational Management Level
Service to Each Taxpayer	<ul style="list-style-type: none"><li>• Overall customer satisfaction with treatment</li><li>• Customer dissatisfaction</li><li>• Customer satisfaction compared to other organizations</li></ul>	<ul style="list-style-type: none"><li>• Satisfaction with particular service</li><li>• Dissatisfaction with particular service</li></ul>
Service to all Taxpayers	<ul style="list-style-type: none"><li>• Overall compliance percentage</li><li>• Increase in compliance</li><li>• Uniformity of compliance</li><li>• Allocation of compliance resources - dollars vs. resources</li></ul>	<ul style="list-style-type: none"><li>• Quality of particular cases/events</li><li>• Quantity of particular cases/events</li></ul>
Productivity Through a Quality Work Environment	<ul style="list-style-type: none"><li>• Overall employee satisfaction with working environment</li><li>• Overall workload vs. size of workforce</li></ul>	<ul style="list-style-type: none"><li>• Employee satisfaction with working environment</li></ul>

The U.S. Customs Service will measure success for this objective by measuring the revenue collection compliance rate.

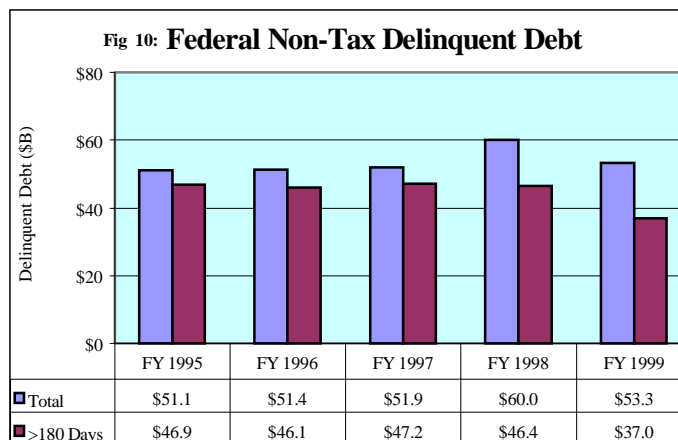
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**Treasury Objective: Improve Federal Non-Tax Delinquent Debt Collection**

**Purpose:**

The Debt Collection Improvement Act (DCIA) of 1996 generally requires Federal agencies to refer delinquent debts (over 180 days old) to Treasury's Financial Management Service (FMS) for collection. FMS provides these services through a network linking its own debt collection expertise and capabilities with those of FMS' financial centers, Federal program agencies' debt collection centers, private collection agencies, and the U.S. Department of Justice.

Total collections for DCIA-related debts for FY 1999 were \$2.63 billion, surpassing the goal of \$1.99 billion, and total non-tax delinquent debt declined in FY 1999 after several years of increases (see Fig. 10).



**Means and Strategies:**

- The Financial Management Service will manage a centralized and expanded (i.e., salary, benefits, state income tax, and Federal tax levy) administrative offset of Federal payments to delinquent debtors as mandated by the Debt Collection Improvement Act of 1996 (DCIA).
- Have in place systems that facilitate the referral of debts to FMS and the exchange of information between FMS, creditor agencies, and payment agencies for effective utilization of all available tools to maximize the collection of delinquent debt owed to the government.
- Treasury's Fiscal Assistant Secretary and FMS will provide leadership in helping all Federal agencies comply with the requirements of the DCIA, and provide training to Federal employees in all aspects of debt collection.

**Related Bureau Strategic Goals:**

***Financial Management Service Strategic Goal:*** Maximize collection on government delinquent debt by providing efficient and effective centralized debt collection services.

**How Progress Will Be Measured:**

Progress under this objective will be measured in terms of the amount of non-tax delinquent debt collected each year and, ultimately, by the trend in the total level of outstanding delinquent debt. As an intermediate measure, the amount of delinquent debt that is referred to Treasury for collection (compared to the amount eligible for referral) will be assessed.

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<b>GOAL:</b>	<b>MANAGE THE FEDERAL GOVERNMENT’S ACCOUNTS</b>
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Treasury serves as the Federal Government’s financial manager by issuing electronic payments and checks, managing its cash, and producing financial statements and other financial information. The Financial Management Service (FMS) performs these tasks as part of Treasury by serving as the Government's accountant, its central disburser of funds, and its collections agent, as well as its reporter of financial information. FMS also promotes sound financial management Government-wide through its cash management and credit administration programs. The purpose of this goal is to become the world-class financial manager for the Federal Government.

**Key Partners in Achieving this Goal Include:** The Federal Reserve System, other Federal agencies, and the banking system.

**Key External Factors Affecting Achievement of this Goal Include:**

- **Systems capabilities/compatibility.** Technology and systems capabilities/compatibility of Treasury and Federal agencies could pose problems. Legacy systems are aging and are often not compatible with emerging technologies. It will be important to obtain acceptance by Federal agencies for the modernization of their financial systems consistent with a compatible government-wide platform (i.e., the ability to transmit and receive financial data). Compatibility of Treasury and private sector systems may be affected by the rapid growth of emerging technologies impacting payment and collection techniques. Customer (taxpayer) expectations regarding the level of technology and expectations of service may increase as new technologies emerge. It may be necessary to develop new information technology and telecommunications interfaces in order to facilitate the flow of information between the Government and the private sector, and to be in compliance with the Government Paperwork Elimination Act (GPEA).
- **Acceptance.** Payment recipient acceptance of electronic payments is critical to the success of the Debt Collection Improvement Act’s (DCIA) requirement for electronic payments.

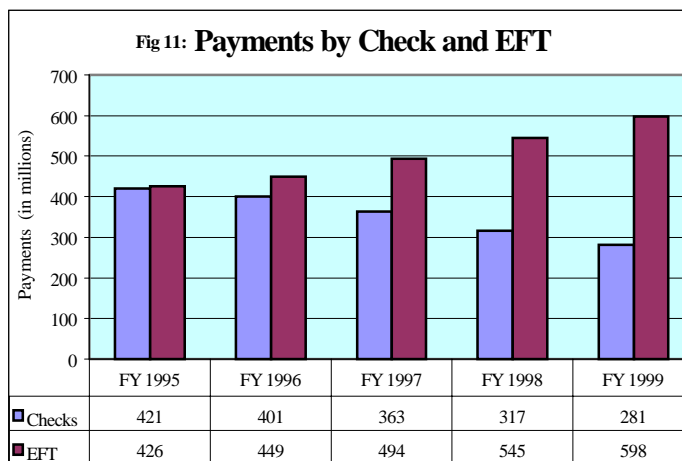
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**Treasury Objective: Ensure All Federal Payments Are Accurate and Timely**

**Purpose:**

One of the most visible services of the Federal Government to the public is making Federal payments. It is critical to those receiving these payments that they are made accurately and on time. Making payments electronically (via Electronic Funds Transfer (EFT)) is the cornerstone of continuing to improve payment accuracy and timeliness, and steady progress has been made (see Fig. 11).

Because they are transmitted electronically, EFT payments are safer, more cost effective and are consistently delivered to the recipients' accounts when due. The accuracy of electronic payments can be verified quickly and corrections can be performed within a much shorter period than with check corrections.



**Means and Strategies:**

- Increase program efficiencies and reduce reporting and operational burdens by converting paper-based processes to electronic processes and by using new technologies. Incentives will be provided to use easy and secure access to the Financial Management Service (FMS) systems, maximize Internet business activity, reduce redundant operations and systems, and support improved financial management practices.
- Increase the percentage of Federal payments made electronically through incentives, encourage new technologies, and support pilots and prototype improvements in financial management.
- Deliver quality products and services that are responsive to customers' needs, and work collaboratively with federal, state and local agencies to identify issues and opportunities to improve financial management.
- Foster a learning organization with a supportive work environment where all FMS employees can maintain the knowledge, skills, and tools to succeed and are valued and respected for their shared contributions.

**Related Bureau Strategic Goal:**

***Financial Management Service Strategic Goal:*** Provide Federal payments timely and accurately, move toward an all-electronic Treasury for payments, and determine the optimal payment processing environment for the future.

**How Progress Will Be Measured:**

Success of this objective is measured in terms of the percentages of payments made accurately and on time. Additionally, business results in the payments area will be measured in terms of the timeliness of claims processing and the percentage of payments made electronically.

**Treasury Objective: Ensure that the Government's Cash Management Minimizes Risk and Provides Immediate Flow and Balance Information**

**Purpose:**

Treasury manages the Government's cash position to ensure that funds are available on a daily basis to cover Federal payments. Managing the Government's cash flow with the most up-to-date and accurate information benefits the taxpayer by enabling Treasury to maximize investment earnings and minimize borrowing costs within established policy objectives.

To accomplish this, Treasury must closely monitor the Government's receipts and payments and accurately forecast the Government's current and future daily cash requirements. In addition, Treasury must execute its borrowing operation in an efficient and reliable manner.

**Means and Strategies:**

- Financial Management Service (FMS) will use new technologies to collect receipts promptly and reduce cash management costs. A key focus will be on expanding the use of the Electronic Funds Transfer Payment System (EFTPS) to collect additional taxes, upgrading EFTPS with new and emerging technologies, and eliminating paper-based processes for handling Federal tax payments.
- FMS will explore methods for reducing the costs of banking services by promoting the use of less expensive electronic mechanisms and implementing new techniques to expedite the collections process, including check truncation and electronic check presentment.
- Provide incentives for Federal program agencies to use more efficient and cost-effective collection techniques.
- Treasury and FMS will work together to improve the ability to forecast the government's cash flows through new centralized electronic systems, identify incentives for agency compliance with cash management standards, and enhance the protection of public monies through regulatory and program oversight.
- Treasury's CA\$HLINK and Cash Track systems track the "cash and debt operations" of the Government each day, including the operating cash balance and the deposits and withdrawals of operating cash.
- FMS will incorporate the latest technologies in CA\$HLINK to improve Treasury's ability to know the Government's cash position at the beginning of each day, improve bank management tools used to monitor services and costs, and facilitate agency reconciliation.
- Cash Track is the primary information system used to consolidate payment and collection data for the Government. Information is fed to Cash Track from the Federal Reserve Banks, commercial depositories, Treasury disbursement centers, and Federal agencies. The information from all of these sources is consolidated into meaningful classifications and used to monitor, manage and forecast the Government's daily cash and debt positions. An enhanced version of Cash Track, scheduled for implementation by the end of 2000, will provide Treasury decision-makers with more detailed collections and payment information, and with additional investment functionality.
- Bureau of the Public Debt will maintain flawless borrowing operations and minimize the time it takes to accomplish critical activities, reduce costs, and improve flexibility and accessibility of its automated systems.

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**Related Bureau Strategic Goals:**

<i><b>Financial Management Service Strategic Goal:</b> Provide timely collection of Federal Government receipts, at the lowest cost, through an all-electronic Treasury.</i>
<i><b>Bureau of the Public Debt Strategic Goal:</b> Effectively finance government operations.</i>

**How Progress Will Be Measured:**

Success of the collection aspect of this objective will be measured by trends in the percent of Federal receipts collected electronically. It is less costly to make collections electronically than by paper-based methods.

Operational success in meeting the borrowing needs of the Federal Government will be assessed by measuring the timeliness and accuracy of marketable securities auctions.



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**Treasury Objective: Provide Accurate and Timely Information on the Government's Financial Status and Support the Government-wide Implementation of Accounting Standards**

**Purpose:**

Treasury is responsible for providing accurate and timely financial statements of the Federal Government, principally through the publication of the *Daily Treasury Statement*, the *Monthly Treasury Statement*, the *Annual Report of the U.S. Government*, and the *Financial Report of the U.S. Government*.

- The *Daily Treasury Statement* is a public document that reflects the Government's cash transactions, holdings, loans, debts, and other items for the previous day. It provides data on the cash and debt operations of the Treasury based on reporting of the Treasury account balances of the Federal Reserve Banks.
- The *Monthly Treasury Statement* summarizes the financial activities of the Federal Government and other Federal entities in accordance with the Budget of the U.S. Government. It presents each month's receipts and outlays, the surplus or deficit, and the means of financing it.
- The *Annual Report of the U.S. Government (the Annual Report)* is the official publication of receipts and outlays. Receipts and outlays reported elsewhere, such as in the reports of individual deposit or trust funds, must be in agreement with the Annual Report.
- The *Financial Report of the U.S. Government* (also referred to as the *Consolidated Financial Statement*) provides information about the financial position of the U.S. Government, the cost of its operations and the financing sources used to fund operations on an accrual basis for the Executive branch and parts of the Legislative and Judicial branches. The FY 1999 *Consolidated Financial Statement* received a disclaimer opinion from its auditors, the General Accounting Office. Resolving many of the identified problem areas will require a government-wide effort, with Treasury's leadership and guidance.

**Means and Strategies:**

- Treasury prepares the consolidated *Financial Report of the U. S. Government*. Treasury will provide leadership assistance by:
  - Facilitating agency compliance with the provision of the Government Management and Reform Act of 1994, requiring accurate and timely audited financial information;
  - Maintaining or improving the accuracy, timeliness, and quality of the audited statements for the Bureau of Public Debt, the Internal Revenue Service, and Financial Management Service (FMS), due to the critical, material nature of these Treasury entities and their potential to increase the credibility of the annual audit of the *Financial Report of the U.S. Government*.
- FMS will continue to work cooperatively with General Accounting Office, Office of Management and Budget, and program agencies to eliminate the issues which prevent an unqualified opinion on the *Financial Report of the U.S. Government*. Recognizing that some issues preventing an unqualified opinion are not within FMS' scope to resolve, FMS will nonetheless continue to exert leadership and assist agencies by providing guidance and support and enhancing processes for which it is responsible.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**Related Bureau Strategic Goals:**

<p><b><i>Financial Management Service Strategic Goal:</i></b> Facilitate the achievement of a clean audit opinion on the <i>Financial Report of the U.S. Government</i> through FMS' internal operations and support of Government agencies.</p>
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<p><b><i>Bureau of Public Debt Strategic Goal:</i></b> Effectively finance government operations.</p>
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**How Progress Will Be Measured:**

Success of this objective is measured by the timely and accurate completion of the *Consolidated Financial Report*, and the opinion on it.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**Treasury Objective: Strengthen the Government's Financial Infrastructure to Improve Program Management Across Government**

**Purpose:**

Treasury plays a key role in strengthening the government's financial infrastructure. This infrastructure includes providing government-wide accounting and reporting services; compiling and publishing government-wide financial reports; operating the government's collection and deposit systems; providing central payments services for Executive Branch agencies; processing and resolving claims on all lost, stolen, and forged payments; overseeing the government's daily cash flow; managing government-wide debt collection services; and providing government-wide policy and assistance for cash and credit management.

**Means and Strategies:**

- Financial Management Service (FMS) will create user-friendly means to support and facilitate the management of money and information to meet the needs of Federal agencies and those they serve, to minimize redundant operations and systems, and to increase agencies' knowledge of financial management and accounting.
- FMS will take a leadership role to identify and work collaboratively with Federal, State and local agencies in order to identify issues and opportunities to improve financial management, including supporting and funding pilots and prototypes to showcase improvements in financial management.
- Treasury will continue to monitor and invest in emerging technologies to ensure that the government is current in financial technology. It will encourage the use of new or emerging technologies and modernize systems to improve financial management and maximize Internet business activity.

**Related Bureau Strategic Goals:**

***Financial Management Service Strategic Goals:***

- Produce accurate, accessible, and timely government-wide financial information and reports that contribute to improved quality of the nation's financial decision-making.
- Provide timely collection of Federal government receipts, at the lowest cost, through an all-electronic Treasury.
- Facilitate the achievement of a clean audit opinion on the *Financial Report of the U.S. Government* through FMS' internal operations and support to government agencies.
- Establish policies and processes to facilitate the integration of e-commerce technologies into the payments and collections infrastructure.

**How Progress Will Be Measured:**

Success of this objective is measured by performance goals that assess the accuracy, accessibility, and timeliness of government-wide financial information and reports.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**Treasury Objective: Ensure the Effective Management and/or Investment of Funds in Treasury's Custody**

**Purpose:**

The Bureau of the Public Debt (BPD) is responsible for Treasury's Government Account Series program. Under this program, BPD provides security investment services to numerous Federal agencies that invest for more than 200 funds. The program also provides additional accounting services for some of the largest trust funds including Social Security, Unemployment, and Highway.

As part of its responsibilities for the Government's central accounting and reporting functions, the Financial Management Service (FMS) receives and provides accounting, financial and budgetary reports on all Treasury fund accounts.

**Means and Strategies:**

- Work with program agencies to ensure that their investment objectives are met, that they receive timely and accurate information on their investments, and that they understand Treasury's role in providing investment and accounting services.
- Minimize redundant operations and systems and encourage the use of new or emerging technologies and modernize systems to improve financial management.
- Work with program agencies to exchange accurate and timely budgetary, accounting and financial information.

**Related Bureau Strategic Goals:**

<i><b>Bureau of the Public Debt Strategic Goal:</b></i> Effectively finance government operations.
<i><b>Financial Management Service Strategic Goal:</b></i> Produce accurate, accessible, and timely government-wide financial information and reports which contribute to improved quality of the nations' financial decision-making.

**How Progress Will Be Measured:**

Success of this objective will be measured by BPD and FMS through audits and other reviews of the custodial accounts.

**DEPARTMENT OF THE TREASURY  
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<b>GOAL:</b>	<b>COST-EFFECTIVELY FINANCE THE GOVERNMENT'S OPERATIONS</b>
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Treasury is responsible for borrowing what is necessary to meet the Government's financing needs. The sum of all such borrowing is called the gross federal debt.

The debt includes Treasury's marketable notes and bonds; foreign and domestic series certificates of indebtedness notes, and bonds; savings bonds; Government Account Series, State, and Local Government Series; and special purpose securities. Treasury's goal is to sell, service, and pay the debt in a manner that minimizes the long-term cost of those borrowings, to provide sound cash management in order to ensure that adequate cash balances are available at all times, and to promote efficient capital markets.

As the Nation entered an era of Government surpluses, Treasury has begun paying down its marketable debt, primarily by refunding our regularly-maturing debt with smaller amounts of new debt. In March 2000, Treasury also initiated debt "buyback" operations for the first time in seventy years. Budget surpluses, which allow the Federal Government to pay down debt held by the public will present additional challenges to Treasury's debt managers and operations staff. The surpluses in fiscal year 1998 and 1999 allowed Treasury to reduce the number of offerings for marketable debt, and in effect, reduced the Federal debt held by the public from \$3.72 trillion in FY 1998 to \$3.63 trillion in FY 1999.

***Key External Factors Affecting Achievement of this Goal Include:***

- **Market conditions.** Market conditions affect demand and interest rates. Increases in interest rates generally result in increased consumer awareness of investment alternatives.
- **Statutory limit on amount of debt.** The debt limit could potentially restrict the ability to borrow.

**Means and Strategies:**

Strategies for cost-effectively financing the Federal Government include the issuance of both conventional securities (marketable and non-marketable) and the introduction of new products such as inflation-indexed securities, in order to attract participation by a wide range of investors. Specific strategies include:

- **Preserving the integrity of the market for Treasury securities** by: (1) maintaining the risk-free status of Treasury securities; (2) maintaining a regular, predictable pattern of financing; (3) maintaining market liquidity; (4) financing across the maturity spectrum; and (5) financing the Federal government from a single source.
- **Conducting financing operations**, including the issuance of both conventional securities and innovative products such as the inflation-indexed securities, in the most effective and least disruptive manner.
- **Maintaining liquid issue size**, by modifying issue sizes, offering schedules, and the types of securities offered.
- **Informing market participants** of Treasury borrowing policies and requirements, and any changes thereto, on a timely basis. Such changes include reducing the frequency of Treasury auctions and exploring the use of buybacks of outstanding securities and regular re-openings of securities in order to maintain large, liquid benchmark issues.
- **Increasing the attractiveness of non-marketable Treasury securities**, such as U.S. savings bonds, using easy-to-access investments for potential purchasers.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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- **Maintaining safe and secure electronic systems** to auction, hold, make, and receive payments and transfer Treasury marketable securities, and increase ease of customers' electronic access to these systems. Treasury will encourage investors to conduct transactions electronically and accomplish its administrative transactions electronically, while minimizing the impact of high workload volumes on customer service.

**Related Bureau Strategic Goal:**

<p><b><i>Bureau of the Public Debt Strategic Goal:</i></b> Effectively finance government operations.</p>
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**How Progress Will Be Measured:**

Success of this objective is measured qualitatively, in terms of the feedback from market participants regarding the types of securities issued and the pattern and timing of Treasury's financing operations and their effects on the efficiency and stability of the financial markets. In addition, success will be measured by the quality of service to purchasers of savings bonds and investors in Treasury marketable securities, i.e, by measures of the timeliness and accuracy of its security issues and payments, by the efficiency of announcing auction results, and by customer satisfaction surveys.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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<b>GOAL:</b>	<b>IMPROVE THE EFFICIENCY OF PRODUCTION OPERATIONS AND MAINTAIN THE INTEGRITY OF U.S. COIN AND CURRENCY</b>
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Treasury has two bureaus that manufacture all coins and paper money for the United States. The Bureau of Engraving and Printing (BEP) produces over 9 billion Federal Reserve currency notes each year at its facilities in Washington, D.C. and Ft. Worth, Texas. It also produces over 20 billion postage stamps annually and security documents for other government agencies. Production of metal coins is the job of the U.S. Mint (Mint), which is the world's largest manufacturer of coins, medals, and coin-based consumer products. The purpose of this goal is to increase the efficiency with which coin and currency are produced, and yet make them as safe and secure as possible against counterfeiting.

***Key Partners in Achieving this Goal Include:*** The Federal Reserve System, the banking system, and the Securities Technology Institute at the Applied Physics Laboratory at the Johns Hopkins University.

***Key External Factors Affecting Achievement of this Goal Include:***

- **Currency and coin demand.** Changes in currency demand (orders from the Federal Reserve) impact annual production at BEP. For coinage, the cyclical nature of coin demand can change within a rapid time frame. The potential for the use of electronic cash could also impact overall currency and coin demand.
- **Legislative action regarding coins.** The legislation creating the 50 States Commemorative Quarter Program will continue to have a significant impact on the Mint. Any dollar coin legislation that limits production of the \$1 note will have a significant impact on BEP.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**Treasury Objective: Increase the Productivity and Efficiency of Coin and Currency Manufacturing**

**Purpose:**

Treasury produces and supplies the Nation's coins and currency to satisfy orders of the Federal Reserve Banks (FRB) which distribute them into the banking system. In FY 1999, growth in FRB order levels influenced production efficiencies, especially for currency, as increased orders allowed for maximum use of capital facilities. The U.S. Mint (Mint) made great advances in the production process (e.g. extending die life, automating coin transfers on the line, increasing line flexibility, etc.) and motivating its employees for productivity. The Bureau of Engraving and Printing (BEP) has expanded automated examination of currency to all denominations, thereby greatly increasing productivity and efficiency.

During FY 1999, BEP productivity increased by 15.9 percent over FY 1998 levels as a result of the record production volume that was accomplished without increasing staff.

During FY 1999, the U.S. Mint produced 20 billion circulating coins and shipped 20.4 billion coins to the FRB for nationwide distribution to banks, a 24 percent increase above its projected shipments for the fiscal year. Due to increased demand in FY 1999, the productivity of clad coins (measured as amount produced per payroll dollar) increased by nearly 18 percent over FY 1998 levels and roughly 40 percent over FY 1997 levels.

**Means and Strategies:**

- BEP and the Mint will streamline systems, install and maintain appropriate equipment and processes to meet targeted demand and quality requirements, and reduce overhead and administrative costs.
- BEP will streamline the currency manufacturing process by implementing an electronic inspection system.
- The Mint, in partnership with the FRB, will continue to refine its coin demand models.

**Related Bureau Strategic Goals:**

***Bureau of Engraving and Printing Strategic Goals:***

- Manufacture state-of-the-art currency and stamps of consistently high quality while improving productivity and cost performance.
- Produce state-of-the-art notes that deter counterfeiting, contribute to public confidence, facilitate daily commerce and improve the efficiency of currency in circulation.
- Manage BEP's resources to increase efficiency and effectiveness in support of the other strategic goals.

***U.S. Mint Strategic Goals:***

- By 2005, reduce the controllable costs of circulating coinage by 15%.
- Become a world leader in minting technology.



**DEPARTMENT OF THE TREASURY  
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**How Progress Will Be Measured:**

Ultimate success of this objective will be measured by the ability of BEP and the Mint to deliver the required amount of new currency and coins to the Federal Reserve Banks on time.

BEP will measure progress through performance goals that assess the quality, productivity, and cost effectiveness of the Bureau's core manufacturing processes. The Mint will also measure success by monitoring customer satisfaction through formal surveys and through trends in the average unit cost of circulating coinage production, and by tracking the frequency of time it meets minimum, seasonal-adjusted inventory levels.

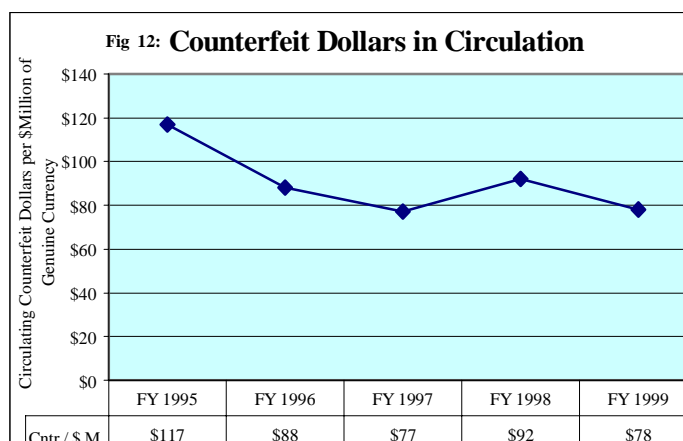
**DEPARTMENT OF THE TREASURY  
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**Treasury Objective: Continue to Explore Mechanisms for Maintaining the Integrity of U.S. Coin and Currency**

**Purpose:**

The recent advances in technology available to counterfeiters require that counterfeit deterrence efforts continue as one of Treasury's priorities. Maintaining the integrity of U.S. currency is essential to the stability of both the domestic and global economy. The relatively stable purchasing power of the U.S. dollar and its wide acceptance as a form of payment worldwide increase the importance of maintaining its security and integrity.

A key indicator for this objective is the amount of counterfeit currency in circulation, which has been relatively stable over the past five years, ranging between roughly \$80 to \$120 per million dollars of genuine currency (see Fig. 12).



**Means and Strategies:**

- Treasury will continue to review coin and note denominations for public acceptance and cost.
- Bureau of Engraving and Printing (BEP) will monitor counterfeiting activities and develop appropriate strategies to partner with the financial community, the Advanced Counterfeit Deterrence Steering Committee, and the Securities Technology Institute at the Applied Physics Lab at Johns Hopkins University to design, test, and develop next-generation security features for U.S. currency.
- BEP and the U.S. Mint (Mint) will ensure appropriate staff levels and resources to support the initiatives of the Advanced Counterfeit Deterrence Program.
- Treasury will safeguard our nation's currency and bullion assets through expansion of its overseas presence to more effectively combat the burgeoning international criminal threat to our financial systems, and organization and implementation of legislatively-mandated audits of U.S. currency use and counterfeiting overseas. As part of this effort, joint Departmental Offices, Secret Service, and Federal Reserve teams will meet with and discuss pertinent issues with U.S. embassy and foreign government, law enforcement, and financial institution officials.

**Related Bureau Strategic Goals:**

***Bureau of Engraving and Printing Strategic Goals:***

- Produce state-of-the-art notes that deter counterfeiting, contribute to public confidence, facilitate daily commerce and improve the efficiency of currency in circulation.
- Ensure an environment of comprehensive security and accountability for the Bureau's personnel, facilities and products.

**DEPARTMENT OF THE TREASURY  
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***U.S. Mint Strategic Goals:***

- Provide a level of protection commensurate with changing threats.
- Provide security consulting and physical asset security services to law enforcement agencies and to other government agencies.

**How Progress Will Be Measured:**

Success of this objective is measured by BEP's monitoring of production quantities and associated delivery quantities of all products requested. Both the BEP and the Mint will assess their losses from defects, discrepancies and returned coinage and currency.

### **III. Law Enforcement Mission: Safeguard Our Financial Systems, Protect Our Nation's Leaders, and Secure a Safe and Drug-Free America**



**DEPARTMENT OF THE TREASURY  
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**LAW ENFORCEMENT MISSION**

**SAFEGUARD OUR FINANCIAL SYSTEMS, PROTECT OUR NATION'S LEADERS,  
AND SECURE A SAFE AND DRUG-FREE AMERICA**

Treasury's efforts in law enforcement represent a significant portion of the Federal Government's law enforcement efforts. Combining regulatory and investigative expertise, Treasury's law enforcement responsibilities are unique and critical to fostering a safe nation.

The U.S. Customs Service plays a critical role in protecting our borders by preventing drug smuggling and related money laundering and by ensuring that all goods and persons entering and exiting the United States do so in compliance with all U.S. laws and regulations. The Bureau of Alcohol, Tobacco and Firearms combats violent crime, collects revenue, and promotes regulatory compliance through its enforcement of Federal laws and regulations pertaining to alcohol, tobacco, firearms, explosives and arson. The U.S. Secret Service protects the President, Vice President, visiting foreign heads of state and major presidential candidates and provides uniformed protection of the White House, and it coordinates the design, planning, and implementation of security operations for National Special Security Events. It also suppresses counterfeiting and financial crimes involving the currency, obligations, and securities of the United States. The Financial Crimes Enforcement Network implements anti-money-laundering regulations and serves as a key source for the systematic collection, analysis and dissemination of information to assist in the investigation of money laundering and financial crimes. The Internal Revenue Service enforces compliance with tax laws and uses its unique financial investigative capabilities to suppress money laundering and financial crime. The Federal Law Enforcement Training Center trains the vast majority of Federal law enforcement personnel, in addition to providing State, local, and international training. Basic training is provided to police and investigative personnel and advanced programs are provided in areas of common need. The Executive Office for Asset Forfeiture manages the funds generated by the Treasury Forfeiture Fund with the goal of dismantling criminal organizations by taking the profits out of crime.

In achieving the goals in this mission area, Treasury works closely with other departments and agencies with cross-cutting activities to ensure coordination. These include, among others, the Departments of Justice, State, Defense, Commerce, Interior, Agriculture, and Transportation, the Central Intelligence Agency, and the Federal Reserve Board. In addition, coordination with various Executive Offices, such as the Office of National Drug Control Policy and the National Security Council, occurs frequently.

<b>GOAL: COMBAT MONEY LAUNDERING AND OTHER FINANCIAL CRIMES</b>
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To enjoy the profits of their crime, whether drug trafficking, fraud, firearms trafficking, or terrorism, criminals must launder their proceeds to get them into legitimate commerce. Along with other Federal departments and agencies, Treasury battles money laundering by employing state-of-the-art technology and undercover investigations to identify illegal financial activity that is intermingled with actual or apparent legal activity. Treasury also works with the private sector to enhance usefulness to law enforcement of financial information provided by banks and other financial institutions pursuant to Federal counter-money laundering. Since money laundering is prevalent throughout the United States and around the world, Treasury endeavors to build and strengthen alliances with State, local, and international partners. The Department is also responsible for conducting investigations of criminal activities that threaten our Nation's financial systems and economy. Specifically, Treasury is responsible for investigating the counterfeiting of currency and securities; forgery and altering of Government checks and bonds; thefts and frauds relating to Treasury electronic funds transfers; financial access device fraud; telecommunications fraud; computer and telemarketing fraud; and fraud relative to Federally-insured financial institutions.

**Key Partners in Achieving this Goal Include:** The Departments of Justice (DoJ) and State (DoS), the National Security Council (NSC), the Federal Reserve Board, various financial institutions (banks, credit unions, money service businesses, etc), state and local authorities, and various international working groups (Financial Action Task Force, Asia Pacific Group on Money Laundering, Inter-American Drug Abuse Control Commission, etc.).

**Key External Factors Affecting Achievement of Goal Include:**

- **Implementation of the National Money Laundering Strategy.** Successfully fighting money laundering is dependent, at least in part, on the implementation of the National Money Laundering Strategy. Continued support for the Bank Secrecy Act by Congress, the financial industry, and the public is needed.
- **Federal, state, local and international cooperation.** Battling money laundering and other financial crimes will require cooperation at all levels. Achieving such widespread cooperation will be an enormous endeavor.
- **Advanced technologies.** Advances in reprographic technology are becoming more affordable and widely used, thereby broadening the counterfeiting threat. Other new technologies, such as electronic cash, electronic purses, Internet - or smart card based - electronic payment systems, and Internet banking, increase the ability of individuals to rapidly transfer large sums of money, and could pose a challenge to counter-money laundering efforts.

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**Treasury Objective: Dismantle Domestic and International Money Laundering Networks**

**Purpose:**

Money laundering is the act of disguising the illicit nature of illegal proceeds by introducing them into legitimate commerce and finance. Money can be laundered through a variety of enterprises: physical movement of bulk cash, banks, money transmitters, stock brokerage houses, and casinos. While no precise numbers exist on the extent of money laundering, it is estimated that a minimum of \$100 billion is laundered annually in the United States. Only a small fraction of these proceeds are confiscated. For example, the value of all forms of monetary instruments seized by, or in cooperation with, Customs agents and officers for violations related to drug and other enforcement activities during FY 1999 was between one and three percent of the estimated total amount laundered. Financial Crimes Enforcement Network has awarded a contract for the development of a methodology to estimate the magnitude of money laundering.

**Means and Strategies:**

- Work with the Department of Justice and other Federal, State, and local agencies, to implement the National Money Laundering Strategy.
- Strengthen law enforcement efforts to disrupt the flow of illicit money by ensuring adequacy and proper allocation of personnel resources; pursuing counter-money laundering legislation; enhancing collection, analysis, and sharing of information; and intensifying training.
- Establish the Financial Crime-Free Communities Support Program to provide technical assistance and training, information on best practices, and grants to support State and local action against money laundering.
- Dedicate and concentrate resources in high-risk areas through the designation of High Intensity Financial Crimes Areas, and enhance regulatory efforts and cooperative public-private sector partnerships to protect the Nation's financial systems and business communities from illicit assets.
- Pursue bilateral and multilateral measures to strengthen anti-money laundering regimes in the international arena, and establish and equip intra-agency and inter-agency task forces to dismantle international financial crime networks.
- Prevent and respond to efforts to use technological developments, such as smart cards, electronic commerce, and the Internet to further money-laundering schemes.

**Related Bureau Strategic Goals:**

<p><b><i>Financial Crimes Enforcement Network Strategic Goal:</i></b> Provide law enforcement support through information analysis and the creation of information resources for the prevention, detection, and prosecution of money laundering and other financial crimes.</p>
<p><b><i>U.S. Customs Service Strategic Goal:</i></b> Strengthen domestic and international efforts to disrupt the flow of illegal money derived from global criminal activity.</p>
<p><b><i>Treasury Forfeiture Fund Strategic Goal:</i></b> Support the Department of Treasury's national asset forfeiture program in a manner that results in Federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.</p>

**DEPARTMENT OF THE TREASURY  
FY 2000 – FY 2005 STRATEGIC PLAN**

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**How Progress Will Be Measured:**

The capability to determine the amounts of money laundered each year at acceptable levels of accuracy is not currently available. Treasury is working to develop this capacity.

The Financial Crimes Enforcement Network will measure progress against this objective through performance goals that assess customer satisfaction in the areas of: providing investigative case support, identifying financial crime trends and patterns, and administering the Bank Secrecy Act.

The U.S. Customs Service will assess measure progress against this objective through performance goals that assess business results (including value of property seized and total monetary instrument seizures).

The Treasury Forfeiture Fund will measure progress against this objective through performance goals that assess business results, specifically Fund and property management.



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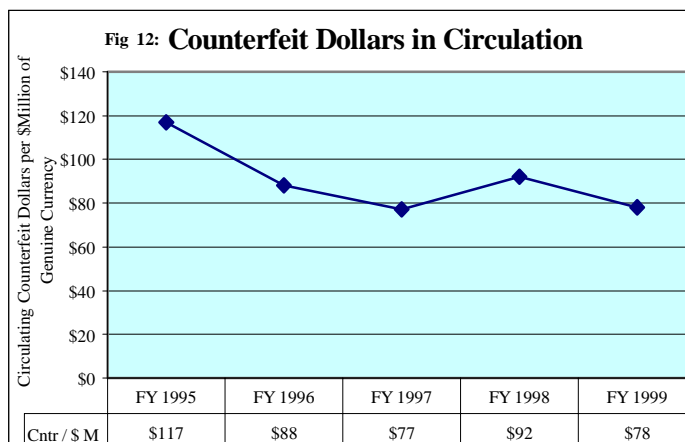
**Treasury Objective: Reduce Counterfeiting and Other Criminal Threats to Our Financial System**

**Purpose:**

Counterfeiting, access device schemes, and other financial crimes have cost consumers, financial institutions, and governments billions of dollars. The level of counterfeit currency, which is estimated from counterfeit dollars recovered in the banking system, has been relatively constant over the past several years (see Fig. 12). The magnitude of other types of financial crimes is not as readily known.

**Means and Strategies:**

- Develop anti-counterfeiting strategies and employ technological and investigatory methods to detect and prosecute designers and traffickers in counterfeit currency and financial instruments.
- Pursue operational and policy responses to counterfeiting advances made through exploitation of inkjet printers and other technological innovations.
- Combat the burgeoning international criminal threat to our financial systems.
- Develop and revise policies, operations, and public-private partnerships to prevent, recognize, and combat all forms of financial identity theft.
- Develop and coordinate policies, operations, and public-private partnerships to prevent abuse of credit cards and similar currency substitutes.
- In partnership with the Departments of Justice and State, and others, develop and deploy domestic and international measures to prevent other forms of white-collar crime.



**Related Bureau Strategic Goal:**

***U.S. Secret Service Strategic Goal:*** Reduce Crimes Against Our Nation's Currency and Financial System.

**How Progress Will Be Measured:**

For Treasury's anti-counterfeiting efforts, success will be measured in terms of the estimated amount of counterfeit currency in circulation. Treasury will also use measures of business results, such as the percentage of financial crime cases accepted for Federal prosecution and the potential financial crime loss prevention due to Secret Service intervention/interruption.

<b>GOAL:</b>	<b>PROTECT OUR NATION'S BORDERS AND MAJOR INTERNATIONAL TRANSPORTATION TERMINALS FROM TRAFFICKERS AND SMUGGLERS OF ILLICIT DRUGS</b>
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The use of illicit drugs is one of the most serious problems facing American society. Drugs play a part in virtually every major social issue in America - health care, crime, mental illness, child abuse, or the spread of disease. In combating this menace, Treasury plays a significant role in our counter-narcotics effort by protecting the borders and major international terminals from traffickers and smugglers of illicit drugs. Inspection, investigative, intelligence, canine, marine, and air interdiction assets are used to detect and prevent drugs from reaching our streets. Treasury works to reduce the drug supply through sophisticated interdiction efforts (seizure and destruction of narcotics) and comprehensive investigative efforts (dismantling smuggling organizations). Outreach programs are used to enlist the active support of the trade community in providing information on potential illegal activities. Treasury also provides support to international carriers in their efforts to prevent smugglers from using their ships and planes to introduce narcotics into the United States.

**Key Partners in Achieving this Goal Include:** Various Federal, State, local, and international law enforcement agencies.

**Key External Factors Affecting Achievement of Goal Include:**

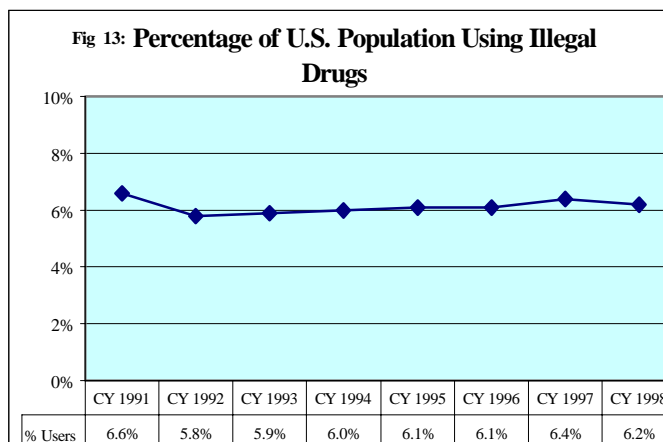
- **Interagency coordination.** All of the counter-drug agencies must ensure that their investigative efforts are closely coordinated. They must also ensure that such efforts are integrated into broader policy and planning activities.
- **Effect of related enforcement actions.** The strengthening in recent years of anti-smuggling resources between the ports-of-entry has a direct effect on the size and scope of the challenge facing Treasury. As the law enforcement pressure between the ports increases, it forces more illegal traffic to the ports themselves, which will need to be countered.
- **Measuring the availability of drugs.** There are no official government estimates of the available supply of drugs in the United States. Until a set of drug availability estimates is available, there is no way to accurately measure the reduction in the supply of drugs reaching the United States.
- **Demand increase or reduction.** The magnitude of the challenge facing Treasury is affected by the domestic demand for illegal drugs. As demand increases, there will be greater efforts to increase the amount of drugs smuggled across the border to meet that demand. Conversely, a reduction in demand would probably be reflected in fewer smuggling attempts.
- **Increase in volume of trade.** The United States' volume of trade in imports and exports represents 20 percent of the worldwide trade. Volumes have grown tremendously and are expected to double every 10 years. This increase in trade presents increased smuggling opportunities and increased challenges.

**DEPARTMENT OF THE TREASURY  
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**Treasury Objective: Deny the Smuggling of Illicit Drugs at Land Borders, Airports, and Seaports**

**Purpose:**

Illegal drug use and its consequences, including other crimes, permeate every corner of society, afflicting inner cities, affluent suburbs, and rural communities. One of the key trends to gauge progress is the estimated percentage of the population using drugs, which remained at unacceptable, but relatively stable, levels during the 1990s (see Fig. 13). As long as demand for illegal drugs is high, the challenge to reduce the supply will be significant.



**Means and Strategies:**

- Identify, disrupt, and dismantle drug smuggling organizations by enhancing high impact investigations and strengthening interdiction.
- Shield America's borders from the supply of drugs from foreign sources by maximizing the efficient and effective utilization of air and marine resources to detect and interdict shipments of drugs in the source, transit, and arrival zones.
- Continue to improve and evaluate elements of the Border Coordination Initiative with the Department of Justice, and explore other geographical areas where this comprehensive integrated border management system might be employed.
- Provide short and long term technical assistance and drug control training to foreign law enforcement agencies to increase their ability to cooperate in the international anti-narcotics effort and to aid them in interdicting illegal drugs before they enter the U.S.
- Support the development of technological advances to better detect smuggling.

**Related Bureau Strategic Goals:**

***U.S. Customs Service Strategic Goal:*** Dramatically reduce the amount of illegal drugs entering the United States.

***Treasury Forfeiture Fund Strategic Goal:*** Support the Department of the Treasury's national asset forfeiture program in a manner that results in Federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.

**How Progress Will Be Measured:**

The U.S. Customs Service will measure progress by the number of seizures and the amount of illegal drugs seized.

The Treasury Forfeiture Fund will assess progress against this objective through business results measures regarding the management and disposition of seized property.

## **Treasury Objective: Support All Aspects of the National Drug Control Strategy**

### **Purpose:**

The National Drug Control Strategy takes a long-term view of the Nation's drug problem by focusing on prevention, treatment, research, law enforcement, protection of our borders, drug supply reduction, and international cooperation. The goal is to achieve a 25 percent decrease in drug use from 1996 levels by 2002 and a 50 percent decrease in drug use by 2007.

Since 1982, the Department of the Treasury has participated in the Organized Crime Drug Enforcement Task Force (OCDETF). OCDETF provides the framework for Federal, State, and local law enforcement, empowering agencies to work together to disrupt and dismantle major drug trafficking organizations. Each agency utilizes its unique expertise to target well-established and complex organizations engaged in illegal narcotics trafficking. Since its inception, OCDETF has contributed to the successful prosecutions and conviction of almost 75,000 members of criminal organizations and resulted in the seizure of illegally acquired cash and property totaling approximately \$3.4 billion.

Further, the Department of the Treasury actively participates in the High Intensity Drug Trafficking Area (HIDTA) Program. The program was created by the Anti-Drug Abuse Act of 1988 and there are currently 31 designated HIDTAs located throughout the country. Key priorities of the HIDTA program are to assess regional drug threats, design strategies to combat drug trafficking, develop and fund these strategies, facilitate coordination between Federal, State, and local law enforcement agencies, and to improve the effectiveness and efficiency of drug control efforts. Each High Intensity Drug Trafficking Area has a HIDTA task force that brings together Federal, State, and local personnel in a permanent task force environment to combat significant drug-related threats within that designated region.

### **Means and Strategies:**

- Develop better intelligence and anti-smuggling cases through enhanced investigatory methods, such as increasing the emphasis on undercover investigations and recruiting informants and cooperating defendants.
- Improve international intelligence gathering and sharing through the use of foreign intelligence collection programs and facilitating international investigative information exchanges.
- Encourage and work with source/transit nations to take actions to prevent the introduction of drugs into the United States.
- Continue to participate in productive Federal, State and local anti-drug task forces, bringing essential counter-narcotics and money-laundering expertise to such cooperative efforts as OCDETF and HIDTA.
- Enforce economic sanctions against traffickers and those hiding or laundering their assets, and deny normal financial and economic systems to traffickers and their fronts. This will be accomplished by aggressively identifying and seizing the assets of drug smugglers and providing guidance on the appropriate use of such sanctions.
- Enhance the quality and utility of information by improving data collection centers. This will be done by expanding and enhancing specialized information systems and maximizing the use of emerging technologies.

### **Responsible Office:**

The Under Secretary for Enforcement is responsible for ensuring cooperation and proper levels of Treasury participation in law enforcement matters with other Federal departments and agencies. Treasury plays a key role in drug enforcement by the actions of its enforcement bureaus and by being the lead agency in developing and implementing money laundering reduction strategies.

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**How Progress Will Be Measured:**

Treasury's Office of the Under Secretary for Enforcement will measure progress against this objective through performance goals that assess business results in terms of the level at which the Enforcement bureaus meet their anti-drug-related performance targets stemming from the National Drug Control Strategy.

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<b>GOAL:</b>	<b>REDUCE VIOLENT CRIME AND THE THREAT OF TERRORISM</b>
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Violence is one of the United States' critical law enforcement concerns. Treasury combines its unique jurisdiction, skills, and assets with those of other Federal, State, local, and international law enforcement organizations to combat crime and violence. This is accomplished through an integrated approach of: 1) effective enforcement of the Federal firearms, explosives, and arson laws; 2) education; and, 3) prevention efforts. Treasury also uses innovative solutions to increase its efficiency and effectiveness and that of its other law enforcement partners.

**Key Partners in Achieving this Goal Include:** The Departments of Justice (DoJ), State (DoS), Defense (DoD), and Transportation (DoT); the National Security Council (NSC), various other Federal, State, local, and international law enforcement organizations.

**Key External Factors Affecting Achievement of Goal Include:**

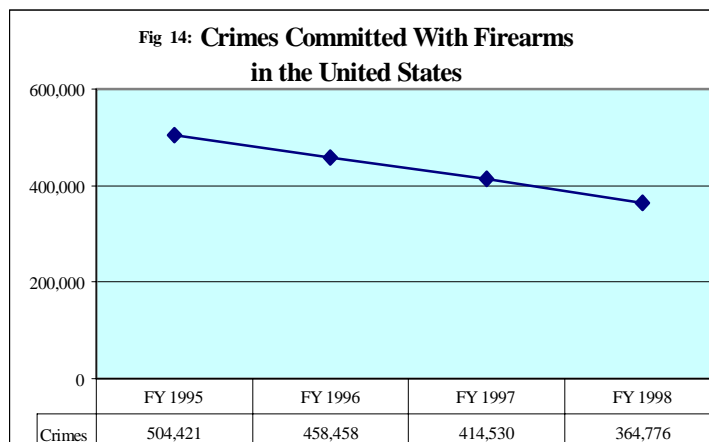
- **Changing threat.** As criminals become more sophisticated and violent, Federal law enforcement personnel will be presented with an even greater challenge of preventing their criminal activities.
- **Heightened reporting of arson and explosives information.** The national repository for arson and explosives information would be greatly enhanced by increased reporting from relevant enforcement authorities. In addition, Federal, State, and local officials must work toward establishing uniform terminology for reporting purposes.
- **Firearms industry actions.** Treasury's enforcement efforts would benefit if the firearms industry takes affirmative steps to track weapons and monitor the operations of Federal Firearms Licensees to ensure compliance with all applicable laws.
- **Litigation.** Resolution of the numerous lawsuits filed against firearms manufacturers may affect how the manufacturers operate. Treasury will need to adapt its enforcement efforts accordingly.
- **Arms importation and trafficking policies.** The proliferation of terrorism is dependent in part on terrorists' access to weapons of mass destruction. Treasury's ability to combat terrorism, therefore, will be enhanced by strengthening and enforcing explosives, firearms importation, and international trafficking policies.
- **Sanctions.** Continued use of economic and other sanctions against individuals and nations sponsoring terrorism will be necessary to effectively reduce the threat and incidents of terrorist activity.

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**Treasury Objective: Deny Criminals Access to Firearms and Reduce the Risk of Violent Crime in Our Communities**

**Purpose:**

The level of violent crimes in the United States has steadily declined in recent years, including those committed with firearms (see Fig. 14). Although Treasury is unable to directly measure the extent to which criminal access to firearms is diminishing, we do know that, through the Brady Act, approximately 100,000 illegal gun sales have been prevented from taking place since November 1998. In addition, between FY 1995 and FY 1998, crimes such as homicides, robberies, rapes, and aggravated assaults have declined 15 percent, and the number of crimes committed with a firearm has declined by 28 percent. By continuing our progress in denying criminals access to firearms, thereby reducing the risk of violent crime, our communities will be safer and the cost to society of violent crime will be greatly diminished.



**Means and Strategies:**

- Pursue innovative, preventive intervention and enforcement strategies, including collaborative partnerships with other Federal, State and local law enforcement agencies, to reduce firearms crime and violence. With the Justice Department, develop and implement a national strategy to reduce firearms violence.
- Reduce the supply of illegal firearms by continuing Federal Firearms Licensee (FFL) compliance efforts and enforce laws and regulations to prevent illicit trafficking to felons, unauthorized juveniles, and other prohibited persons. Take steps to reduce the number of lost and stolen guns that enter the illegal market. Maintain appropriate firearms importation and international trafficking policies. Share tracing and anti-smuggling expertise and work cooperatively with the international community to combat illegal firearms traffic.
- Prevent felons and other prohibited persons from obtaining firearms from FFLs by fairly and effectively enforcing the Brady Law and other Federal firearms laws. Seek adoption of legislation to extend Brady-style background checks to all firearms purchases at gun shows.
- Apprehend armed career criminals, armed narcotics traffickers, and other felons found in possession of firearms.
- Develop and pursue innovative, preventative intervention and enforcement strategies to reduce illegal firearms sales to unauthorized juveniles and other prohibited persons via the Internet.
- Reduce trafficking of firearms to unauthorized juveniles and youth involved in violent gangs by continuing the Youth Crime Gun Interdiction Initiative, the Gang Resistance Education and Training program and other prevention programs.
- Better trace and link weapons used in crime by developing and expanding ballistic, mapping, and other technology, and expand comprehensive tracing by Federal, State and local law enforcement. Implement a National Integrated Ballistics Information Network.

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**Related Bureau Strategic Goal:**

<p><b><i>Bureau of Alcohol, Tobacco and Firearms Strategic Goal:</i></b> Effectively contribute to a safer America by reducing firearms, explosives, and arson-related crime.</p>
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<p><b><i>Treasury Forfeiture Fund Strategic Goal:</i></b> Support the Department of the Treasury's national asset forfeiture program in a manner that results in Federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.</p>
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**How Progress Will Be Measured:**

Progress will be measured by the reduction of violent crime in general and the number of violent crimes committed with a firearm. The Bureau of Alcohol, Tobacco and Firearms (ATF) will measure progress against this objective through performance goals that assess business results (including crime-related costs avoided, future crimes avoided, and average trace time responses) and customer satisfaction (through the National Response Team Customer Satisfaction Rating). ATF will continue to work to improve its set of performance goals and indicators to best determine progress toward achievement.

The Treasury Forfeiture Fund will assess progress against this objective through business results of measures regarding the management and disposition of seized property.



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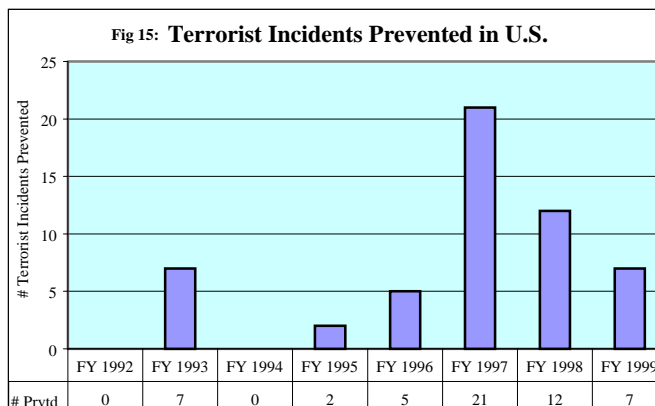
**Treasury Objective: Strengthen the Capability to Fight Terrorist Threats to the U.S.**

**Purpose:**

Terrorism is the unlawful use of force or violence against persons or property to further political or social objectives. The number of terrorist incidents has declined since the early 1990s, but the number of documented instances of attempted violent acts by known or suspected terrorist groups or individuals has increased, especially in recent years (see Fig. 15).

**Means and Strategies:**

- Prevent the entry of weapons of mass destruction into the United States through the development and deployment of technology, sharing of information, and strengthening of interdiction and investigative resources.
- Enforce economic and other sanctions against individuals and nations sponsoring terrorism.
- Plan and implement security for National Special Security Events.
- Foster increased interagency cooperation and information-sharing to enhance and coordinate various agencies' substantive expertise in preventing and responding to terrorist activities.
- Provide expertise and leadership on counter-terrorism activities and investigations led by other agencies.
- Support development and expansion of the Federal Law Enforcement Training Center's Counter-Terrorism Training Program to enhance Federal, State, and local agencies' counter-terrorism training.
- Support development of enhanced detection technology to respond to weapons contained in the terrorist arsenal.
- Establish bilateral agreements with key developing countries to foster cooperation and promote coordination of enforcement activities.



**Related Bureau Strategic Goals:**

***U.S. Customs Service Strategic Goal:*** Contribute to a safer America by reducing civil and criminal activities associated with the enforcement of Customs laws.

***U.S. Secret Service Strategic Goal:*** Protect our Nation's leaders, Visiting World leaders, and other protectees, as well as Reduce the Threat Posed by Global Terrorists and Other Adversaries.

***Treasury Forfeiture Fund Strategic Goal:*** Support the Department of Treasury's national asset forfeiture program in a manner that results in Federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.

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**How Progress Will Be Measured:**

Progress will be measured in terms of the number of terrorist incidents that occur and the number of instances in which violent acts by known or suspected terrorist groups or individuals are successfully thwarted.

The U.S. Customs Service will assess progress using business results measures such as the disruption of international trafficking activities, as well as qualitative descriptions of compliance with sanctions programs through education of the public and industry.

The U.S. Secret Service will measure progress through performance goals that assess business results, including the percentage of travel stops where the protectee arrives and departs safely and after-action reports evaluating protection provided at major events.

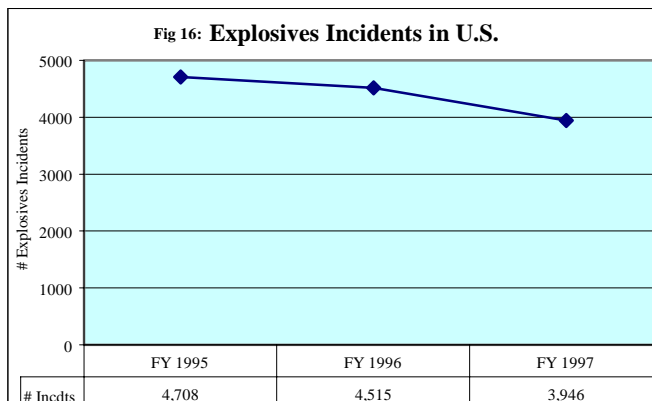
The Treasury Forfeiture Fund will measure progress against this objective through performance goals that assess Business Results, specifically Fund and property management.

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**Treasury Objective: Safeguard the Public From Arson and Explosive Incidents**

**Purpose:**

Arson is the crime of burning property, usually for the purpose of collecting insurance, but sometimes for revenge or as part of a hate crime. More than 400 people were killed or injured as a result of arson over the past five years. In 1997 (latest available data), arson caused over \$280 million in damages. Between 1995 and 1997, the number of fires investigated by the Bureau of Alcohol, Tobacco and Firearms (ATF) rose, with a large jump in suspected arsons in 1996 due to the increase in church fires. Although the number of explosive incidents has declined in recent years (see Fig. 16), in 1997 there were almost 4,000 cases of actual or attempted illegal detonations of explosives.



**Means and Strategies:**

- Ensure full participation of relevant entities in the national repository for arson and explosives information so that law enforcement organizations have the most complete and up-to-date information on arson and explosive incidents.
- Prevent criminal misuse of explosives in crimes of arson through enforcement, regulation, and community outreach.
- Investigate thefts and illegal diversion of explosives.
- Maintain the highest standards of investigative expertise and state-of-the-art technology to most effectively respond to bombing and arson incidents.
- Provide international, state, and local training on arson and explosive matters.
- Continue studies on the use of tracer elements in explosive materials in order to determine the potential use of this technology in the investigation of explosive incidents.

**Related Bureau Strategic Goals:**

***Bureau of Alcohol, Tobacco and Firearms Strategic Goal:*** Effectively contribute to a safer America by reducing the future number and cost of violent crimes.

***Treasury Forfeiture Fund Strategic Goal:*** Support the Department of the Treasury's national asset forfeiture program in a manner that results in Federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.

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**How Progress Will Be Measured:**

The Bureau of Alcohol Tobacco and Firearms will measure progress against this objective through performance goals that assess customer satisfaction (the National Response Team Satisfaction Survey).

The Treasury Forfeiture Fund will assess progress against this objective through Business Results of measures regarding the management and disposition of seized property.

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<b>GOAL:</b>	<b>PROTECT OUR NATION’S LEADERS AND VISITING DIGNITARIES</b>
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Treasury provides the physical protection of the President and Vice President of the United States, foreign heads of state and government, and various other dignitaries designated by law or Executive Order. Treasury also provides the physical security of the White House complex, the Vice President's residence, various foreign diplomatic missions, and other specific locations and facilities.

**Key Partners in Achieving this Goal Include:** Various Federal, State, local, and international law enforcement organizations.

**Key External Factors Affecting Achievement of Goal Include:**

- **Changing threat.** Increase in the number of potential targets and the willingness of foreign terrorist organizations to take actions on U.S. soil.

**Means and Strategies:**

- Provide protection as mandated by law.
- Continue to develop partnerships with other Federal, State, and local law enforcement bureaus and agencies in the fulfillment of the vital protective mission.
- Identify emerging technologies that pose a threat to protectees and develop defenses against them.
- Integrate technology into the protective mission to lower risk to protectees and ensure their safety.
- Identify system requirements and implement risk assessment/reduction systems that will provide the safest possible environment for all protectees, while efficiently utilizing resources.

**Related Bureau Strategic Goal:**

<p><b>U.S. Secret Service Strategic Goal:</b> Protect our Nation’s leaders, Visiting World Leaders, and Other Protectees, as well as Reduce the Threat Posed by Global Terrorists and Other Adversaries.</p>
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**How Progress Will Be Measured:**

The U.S. Secret Service will measure progress against this objective through performance goals that assess business results, including the percentage of travel stops where the protectee arrives and departs safely and after-action reports that evaluate protection provided at major events.

<b>GOAL: PROVIDE HIGH QUALITY TRAINING FOR LAW ENFORCEMENT PERSONNEL</b>
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Treasury provides quality, cost-effective training for law enforcement professionals by: 1) maximizing the use of law enforcement and training experts; 2) providing quality facilities, support services, and technical assistance; 3) conducting law enforcement research and development; and 4) sharing state-of-the-art law enforcement technology. There are many advantages of consolidated training for Federal law enforcement personnel, not the least of which is an enormous cost savings. Consolidated training avoids the duplication of overhead costs that would be incurred by the operation of multiple agency training sites. Consolidation also ensures consistent, high quality training, and fosters interagency cooperation and camaraderie. Finally, consolidated training allows students from different Departments and agencies to commingle and learn about each other's professional responsibilities, thus enhancing the students' view of the overall law enforcement effort.

**Key Partners in Achieving this Goal Include:** The Departments of Justice (DoJ), Agriculture (DoA), Interior (DoI), State (DoS), the Office of Management and Budget (OMB), the Environmental Protection Agency (EPA), the General Service Administration (GSA), and various other Federal, State, local, and international law enforcement organizations.

**Key External Factors Affecting Achievement of Goal Include:**

- **Continued participation in and joint funding of consolidated law enforcement training.** Consolidated law enforcement training, which is made possible by voluntary joint-funding agreements among participating agencies, achieves substantial savings both to the individual agencies and to the Government. Close coordination and cooperation ensure that the needs of the agencies are met and that their operational efforts are strengthened at the Federal level. Consolidated training and the funding process/formula that currently allows Treasury to receive 100 percent funding of basic training projections must be preserved.
- **Changing threats.** As criminals become more sophisticated and violent, Federal law enforcement personnel will be presented with even greater challenges in preventing criminal activities. Preparing future law enforcement personnel for this challenge will require new, innovative, and cost-effective training.

**Treasury Objective: Enhance Basic, Advanced, and In-Service Training Programs to Meet Changing Needs and Increasing Demands**

**Purpose:**

The people of the United States expect law enforcement officers to maintain domestic peace and order, but also expect it to be done lawfully, professionally and with full respect for individual rights. In order to meet these expectations, all law enforcement officers must be fully trained in the skills and knowledge necessary for effective and safe enforcement of the law. From 1997 to 1999, the total number of students receiving training at the Federal Law Enforcement Training Center (FLETC) increased by 27 percent. By 2004, the number of law enforcement officers requiring training is expected to increase by roughly 13 percent above FY 2000 levels.

**Means and Strategies:**

- Establish and strengthen partnerships with client agencies in order to identify and address existing or emerging issues that may require training-based attention and solutions.
- Improve forecasting of future training requirements and provide sufficient capacity to meet client's training needs.
- Meet the training needs for law enforcement organizations that cannot use the FLETC because of capacity constraints and/or cost considerations.
- Establish professional standards for accrediting Federal law enforcement training organizations.
- Pursue a dependable funding source within the Department's core budget for the Computer Investigative Specialist training program.
- Develop and implement programs to increase the bureaus' ability to train *and retain* highly-skilled computer investigative specialists.
- Develop and deliver training to the international law enforcement community to promote national and international objectives or to satisfy requirements of international agreements. Provide international training in support of the International Law Enforcement Academies.
- Develop and deploy alternative training delivery systems, such as distance learning capabilities and computer-based training programs to achieve training efficiencies.
- Enhance the development and delivery of discipline-specific training offered by all Treasury bureaus to State, local and international clients.

**Related Bureau Strategic Goal:**

<p><b><i>Federal Law Enforcement Training Center Strategic Goal:</i></b> All FLETC graduates will possess the skills and knowledge needed to perform their law enforcement functions effectively and professionally.</p>
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**How Progress Will Be Measured:**

Progress will be measured by the extent to which the demand for basic, advanced, and in-service training for law enforcement officers is being met.

FLETC will measure progress against this objective through performance goals that assess customer satisfaction (through the "Student Quality of Training" and "Participating Organization Satisfaction" surveys) and employee satisfaction (through the "Employee Satisfaction" survey).



**Treasury Objective: Develop and Operate State-of-the-Art Facilities and Systems  
Responsive to Interagency Training Needs**

**Purpose:**

The Federal Law Enforcement Training Center (FLETC) was established in 1970 as a result of findings from an interagency task force indicating that the quality of training provided to law enforcement personnel was inadequate. The task force recommended that a consolidated training center be established to provide high-quality training programs in state-of-the-art facilities. Today, the FLETC provides law enforcement training to 73 Federal agencies, in addition to state, local and international law enforcement organizations. The economies of scale produced by joint training result in high cost avoidance and an associated \$140 million in estimated annual savings.

**Means and Strategies:**

- Stabilize and improve the physical plant by implementing the Master Plan to guide the expansion of facilities to meet projected training needs.
- Explore alternatives such as distance learning capabilities and computer-based training programs to effect long-term cost savings.

**Related Bureau Strategic Goal:**

***Federal Law Enforcement Training Center Strategic Goal:*** Significantly expand the access to and availability of quality law enforcement training.

**How Progress Will Be Measured:**

Progress will be measured by the extent to which facilities and systems meet the demand for interagency training needs.

FLETC will measure progress against this objective through performance goals that assess business results (including ratings of facilities utilization) and customer satisfaction (using the Student Quality of Services Survey).

## IV. Management Mission: Continue to Build a Strong Institution



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**MANAGEMENT MISSION**

**CONTINUE TO BUILD A STRONG INSTITUTION**

Treasury's missions include diverse and critical responsibilities in the programmatic areas of economics, finance, and law enforcement. This fourth mission area recognizes the need for strong and efficient management processes and administrative support to accomplish our program missions. The goals and objectives under this mission enable the Department and its bureaus to effectively meet their operational objectives.

The management mission area includes Department-wide goals and objectives to strengthen our human resources, information technology, financial and asset management, procurement, and equal opportunity programs. In addition, it also includes Department-wide initiatives in the areas of customer and employee satisfaction. These are structured to implement a "balanced measures" approach to measuring program success throughout the Department.

In achieving the management mission, Treasury works closely with various organizations to ensure coordination on cross-cutting activities. These organizations include, among others, the Office of Management and Budget, the Government-wide Chief Financial Officers Council, the Office of Personnel Management, the Federal Chief Information Officers Council, and the General Services Administration.

The goals and objectives presented here are viewed as "enabling," support-oriented goals and objectives and are Department-wide in nature. Consequently, all bureaus, under the leadership of the Department, participate in ensuring their implementation.

<b>GOAL: SUPPORT THE ACHIEVMENT OF BUSINESS RESULTS</b>
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Treasury's operating programs and staff deal directly with our customers each day and are primarily responsible for meeting our service standards, our business objectives, and our missions. These staff are aided by a management support infrastructure which provides the tools they need to do their job, ranging from providing quick access to the information they need, to maintaining their physical workstations and office environment, to making sure they get paid on time.

To reflect the activities that make up this infrastructure, we have set a strategic goal to improve our capabilities in each of the support areas throughout the Department because, by doing so, we enhance the capability of the operating programs to meet their business targets. In other words, the right people, supported by the right technology, with access to the right information in a well-managed, strategically-driven organization will get the job done.

**Key Partners in Achieving this Goal Include:** Office of Personnel Management, General Services Administration, Government-wide councils (i.e., Chief Financial Officers Council, Federal Chief Information Officers Council, and the Procurement Executive Council), and Office of Management and Budget.

**Key External Factors Affecting Achievement of Goal Include:**

- **Changing nature of the civilian labor force.** Changes in the demographics and the expectations of the labor force will require crafting human resources programs that are multifaceted and flexible.
- **Competitive disadvantages in the labor market.** Formerly, Federal hiring overcame disadvantages of lower salary rates by offering greater career stability. As the Federal workplace more and more resembles the private sector in the rapidity of change, a flexible and supportive workplace which empowers managers and employees to succeed in challenging work becomes more critical in attracting and retaining the best and the brightest.
- **New accounting requirements and related legislative actions.** Any modifications or additions to accounting standards and financial systems promulgated by the Federal Accounting Standards Advisory Board, the Joint Financial Management Improvement Program, Congress, or other governing bodies could affect the cost and preparation of required audited financial statements.
- **Asset management challenges.** Sustaining long-term support for asset management in the public sector, which is often more oriented toward short-term issues and budget requirements, will be a challenge. Treasury will explore ways to institutionalize the process through various means, including gain-sharing of savings and incorporating savings targets into executive performance standards.

**Treasury Objective: Improve the Capacity to Recruit, Develop, and Retain High-Caliber Employees**

**Purpose:**

Treasury is a highly complex, multi-task organization with 150,000 employees working in various bureaus whose missions range from administering and protecting the Nation's financial system, to ensuring the safety of national and world leaders, to training law enforcement professionals and fighting crime. Recognizing that the achievement of its operational goals is intimately tied to the quality of its workforce, Treasury is continuously looking for ways to attract and retain talented staff, including taking advantage of private sector marketing expertise and state-of-the-art recruitment techniques using the Internet.

**Means and Strategies:**

Treasury will focus its strategies on addressing the many factors affecting this objective -- including the changing nature of the civilian labor force, expanded employee expectations (financial incentives, cutting-edge work, development opportunities, state-of-the-art tools of the trade, and personal space), and fierce competition for the best and the brightest across Government and the private sector. The Department will work with the Office of Personnel Management, OMB, Congress, and employee representatives to obtain greater management flexibility in managing human resources Department-wide to bring on people with specific skills more quickly, to pay them more competitively, and to provide necessary training.

- Strengthen and improve the human resources infrastructure by:
  - Conducting workforce planning to identify projected attrition in major occupations, to forecast future staffing requirements and competencies, and to develop strategies to close the gap between the current workforce and future requirements,
  - Identifying key criteria that comprise the HR environment (e.g., number of employees trained, employee satisfaction; retention rate, etc.) and put into place a reporting system to periodically monitor the "state of HR" within each bureau, and
  - Ensuring that Treasury's strategic business objectives are supported through effective management of human resources. Through the strategic planning process, Treasury will clearly define the human resource requirements with each of the Department's programmatic objectives.
- Work with the OPM, Congress, and employee representatives to obtain greater management flexibility in managing human resources Department-wide – to hire people with needed skills more quickly, pay them more competitively, and provide necessary training and support.
- Re-engineer human resources systems to better support Treasury managers. Components of this strategy include:
  - Reengineering processes to substantially reduce the time needed to complete personnel actions;
  - Removing or reducing low value-added activities to allow human resource systems to make greater contributions in achieving organizational goals; and,
  - Creating automated human resources information systems that integrate comprehensive personnel, payroll, program, and financial data.

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- Develop recruitment , selection, and development strategies for hiring a high-caliber and diverse workforce, including:
  - Identifying and implementing “best practices” from Government and the private sector in recruiting and hiring;
  - Fostering expanded knowledge and use of human resources flexibilities;
  - Fostering partnerships in developing “skill specific” internships to meet recruitment needs for hard-to-fill positions; and,
  - Utilizing technology to market Treasury as a model employer and enhance the Department’s outreach capabilities.
- Improve organizational succession planning by defining opportunities for advancement and professional growth and make sure people know how to access them. Such opportunities may include rotational assignments, sabbaticals, interagency and inter-sector opportunities to improve technical and managerial abilities, and mentoring programs.
- Strengthen the skills of managers to lead and develop their employees and to assess performance through:
  - Providing technical and managerial training courses delivered in-house or by recognized private sector entities;
  - Giving managers the information and analytical tools necessary to plan for future turnover, training needs, and organizational restructuring; and,
  - Providing an organizational culture that supports and expects performance appraisals to be timely and accurate and to lead to appropriate outcomes.
- Align human resources systems and incentives to retain high-performing employees and better handle under-performers in order to accomplish the agency’s mission as well as provide an atmosphere for individual empowerment and well-being.

**Responsible Office:**

Treasury’s Office of the Deputy Assistant Secretary for Human Resources has the primary responsibility for ensuring the implementation of this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will use several general indicators of success for this objective, including trends in the education levels of new hires to the Department (an indicator of our ability to recruit high-caliber employees) and in the number of employees receiving an “outstanding” performance rating who leave the Department (an indicator of our ability to retain high-caliber employees).

Treasury will specifically assess progress against this objective through performance goals that assess business results (measuring the implementation of a Department-wide HR management system) and employee satisfaction (through employee satisfaction surveys).

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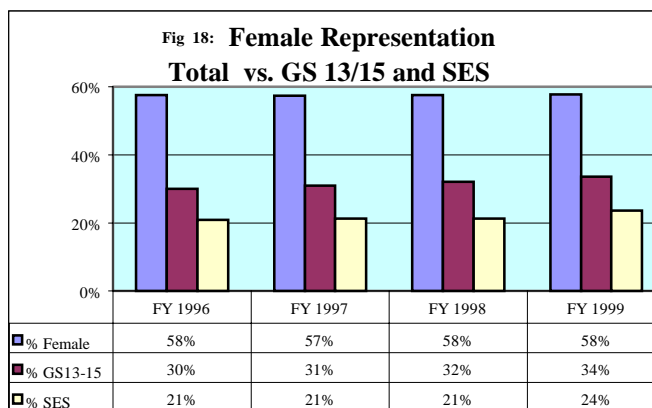
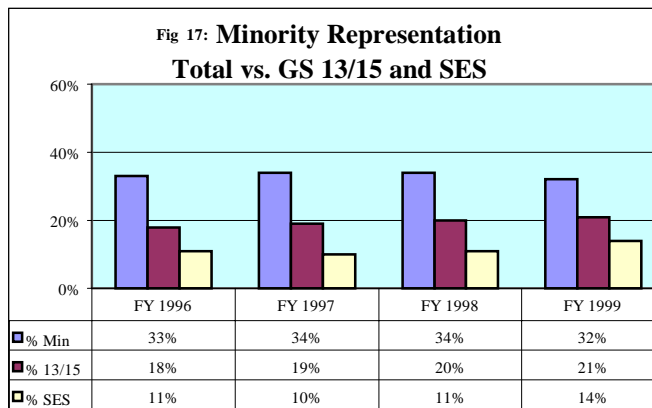
**Treasury Objective: Foster an Environment of Equal Opportunity**

**Purpose:**

Treasury's equal employment opportunity efforts are geared toward attracting, retaining and developing a diverse workforce. Overall, the Treasury's minority and female employment is significantly above the levels in the total Civilian Labor Force (22 percent and 46 percent [1990 Census]). The Department will continue its focus on minority and female representation at both the GS-13 through GS-15 grades and the SES levels. Representation steadily improved between 1996 and 1999 (see Figs. 17 and 18), and promotion rates for minorities are at levels above their representation in the total workforce. While Treasury is 8% of the total federal workforce, the Department has been responsible for 17% of the Federal new hires with disabilities. From FY 2000-2005, we will increase efforts to ensure that individuals with disabilities are integral part of the total Treasury workforce.

**Means and Strategies:**

- Expand equal employment opportunities and minority programs. This includes, but is not limited to, establishing partnerships with schools, including those having large minority populations, maximizing the use of technology (Internet and Intranet), and using existing organizations to leverage recruitment.
- Lead the Department's effort to develop a strategy for hiring individuals with disabilities and for ensuring that all bureaus have plans in place to provide reasonable accommodation for employees and applicants.
- Adopt strategies and implement programs that are aimed at training, retaining, and promoting a diverse workforce. Identify and apply best practices utilized by Government and private industry in attracting minorities, women and persons with disabilities.
- Adopt strategies and implement programs that are aimed at valuing and managing a diverse workforce.
  - Strengthen the ability of managers to communicate equal employment opportunity and diversity concepts.
  - Increase communications between managers and employees on equal employment opportunity issues.
- Reduce the time for adjudicating complaints of discrimination.
  - Lead the development and implementation of effective alternate dispute resolution programs.
  - Implement process improvements of complaints of discrimination.
- Provide policy and oversight to bureaus on compliance with civil rights laws and regulations.



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**Responsible Office:**

Treasury's Office of the Deputy Assistant Secretary for Human Resources has the primary responsibility for ensuring the implementation of this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess business results (including measures of efficiency of the Equal Employment Opportunity process and complaint resolution) and employee satisfaction (through employee satisfaction surveys). Treasury continues to work to improve its set of performance goals and indicators to best determine progress toward achievement.



## **Treasury Objective: Ensure Strong Financial Management of Treasury Accounts**

### **Purpose:**

Since the passage of the Chief Financial Officers (CFO) Act of 1990, Treasury has made steady progress in improving management of its operating funds, the appropriations that support the day-to-day operations of the Department. Treasury has dedicated its efforts toward the continuing improvement of the quality and timeliness of the Department's financial data, and the concurrent improvement in the management of Treasury's accounts on an ongoing basis. Progress has been made in the reduction of outstanding material weaknesses and the installation of a Department-wide data warehouse that captures financial data from all Treasury entities and allows the timely analysis of bureau financial data. In addition, the Department has made steady improvement in the results and timeliness of its financial statement audits.

### **Means and Strategies:**

The following five Department-wide strategies have been established by Treasury's CFO Council:

- ***Financial Systems:*** Create integrated financial management systems by standardizing core data elements Department-wide and developing uniform integration policies in order to enable all key bureau financial data to be aggregated for improved analysis and decision making. Work with bureaus to ensure that financial management systems plans result in financial systems that comply with Federal requirements.
- ***Performance Management Strategy:*** Improve and align budget, performance measurement, and accounting data to produce a cohesive financial information framework that institutionalizes a fully integrated Departmental performance management system that also includes accurate and up-to-date budget and cost data in support of the decision making process.
- ***Financial Reporting Strategy:*** Develop the systems capability and accounting methodology to provide accurate, timely, and unqualified audit opinions on Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high-risk control issues, and enhance external financial statement reporting.
- ***Human Resources Strategy:*** Develop a Department-wide career development plan for financial management, budget and accounting personnel at different grade levels that defines and establishes training and education core competencies, certifications, and on-the-job experiences and promotes rotational assignments across the entire Treasury financial community.
- ***Electronic Commerce Strategy:*** Take full advantage of future technology by implementing various electronic commerce practices that are available and have been proven to be best practices in financial management.

In addition to the above strategies:

- Treasury's Franchise Fund is an entrepreneurial governmental enterprise established to provide other components within Treasury and/or other agencies common administrative support on a competitive and fully cost-reimbursable basis. The goals of the Franchise Fund are to:
  - Ensure business activities are self-sufficient;
  - Ensure customers are satisfied with all aspects of service provided;
  - Ensure compliance with legal and regulatory requirements; and
  - Ensure competitiveness.

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**Responsible Office:**

Treasury's Office of the Deputy CFO has the primary responsibility for ensuring the implementation of this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess business results, including the quality of Treasury-wide financial statements and the reduction of material weaknesses.

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**Treasury Objective: Make Wise Capital Investments and Effectively Manage Treasury's Assets**

**Purpose:**

In order to more effectively manage its information technology and capital investments, and in conjunction with the purpose and requirements of the Clinger-Cohen Act, Treasury re-designed its capital investment processes. In 1999, Treasury re-chartered its capital investment management group, forming the Capital Investment Review Board (CIRB). The CIRB implements an investment review process that supports budgeting for Treasury's capital investments, and ensures the regular monitoring and proper management of these investments, once funded. Each bureau and major office in Treasury has a parallel investment review process. A major result of this Department-wide process will be a regularly updated investment portfolio, based on an analysis of alternatives, that supports the Treasury strategic plan.

**Means and Strategies:**

- Treasury will use the CIRB and bureau Investment Review Boards, to oversee the planning and management of the Department's capital assets.
- These Boards will follow the principles of the Clinger-Cohen Act, other applicable direction and guidance, as well as Government and private industry best practices.
- The Boards will consider the business cases for all capital investment proposals, i.e., information technology investments and other capital projects (e.g., buildings, vehicles, etc.), and determine which should be pursued and in what order of priority.
- The Boards will also monitor the progress of approved capital projects and the use and status of existing assets.
- The Boards will rely on information from the Information Technology Investment Portfolio System (I-TIPS), a Government-developed software tool that maintains critical capital investment information and allows Treasury to:
  - Ensure that capital investment portfolios support each organization's business missions (i.e., organizations can review and modify their capital investments to align these investments with their Results Act plan and other organizational considerations);
  - Develop an efficient decision-making process to assess capital investment proposals in terms of their support of the organization's mission, while assessing risks, costs and expected returns; and,
  - The Boards will also oversee the recruitment, development, and retention of a high-caliber, asset management staff, and broaden the skill level of existing staff, to meet the needs of a technologically-advanced, highly-leveraged asset management organization of the future.
- To support the review and monitoring of information technology investment proposals, the CIRB will rely on the leadership and resources of Treasury's Chief Information Officer (CIO), supported by Treasury's CIO Council, which consists of bureau CIOs. The CIO/CIO Council will create a Treasury IT architecture framework that provides a common, multipurpose, and standards-based infrastructure. This architecture will act as a high-level blueprint to make certain that all Treasury IT systems are compatible and structured to provide maximum program benefit.

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- To support the CIRB's review and monitoring of other capital investment proposals, Treasury established the position of Director, Office of Asset Management, supported by the Treasury Asset Management Council, to assist in the development of Department-wide asset management principles to be used as guidance in making major decisions concerning the planning, acquisition, use, maintenance, and disposal of assets under the jurisdiction, custody and control of Treasury.
- To improve the capture, distribution and use of the experience and knowledge possessed by its large and geographically-dispersed workforce, Treasury will develop and implement a "knowledge management" plan.

**Responsible Office:**

Treasury's CIO and the Office of Asset Management have the primary responsibility for ensuring the implementation of this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess business results, measuring the percentage of IT capital investments that are within costs, on schedule, and meeting performance targets. Treasury will use the I-TIPS to manage and review progress.

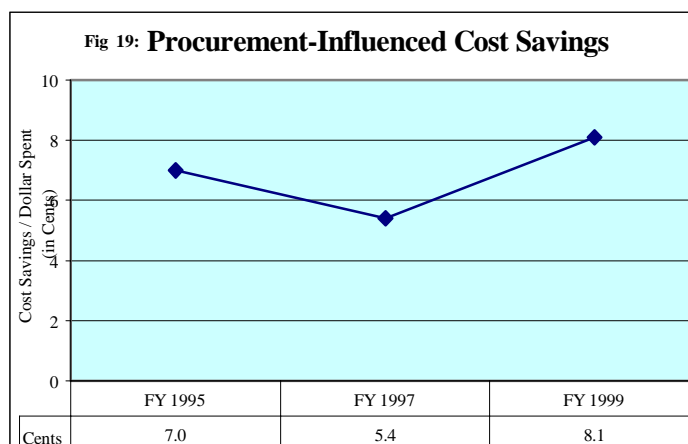
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**Treasury Objective: Procure Quality Goods and Services at a Fair and Reasonable Price  
and in a Timely Manner**

**Purpose:**

Sound procurement management is an essential element in ensuring that Government assets and resources are wisely managed. Government-wide efforts are underway to implement a strategic performance measurement and management framework to “deliver on a timely basis the best value product/service to the customer, while maintaining the public’s trust and fulfilling public policy objectives.”

Treasury continues to manage the effectiveness of its procurement processes. A key approach is the Performance Measurement Assessment Tool, which provides quantitative assessments for 11 different aspects of procurement management, including procurement timeliness, quality, and procurement-influenced cost savings (see Fig. 19). Treasury continues to find ways to improve the efficiency of Treasury’s procurement service delivery and provides maximum value to the Government and taxpayer.



**Means and Strategies:**

- Aggressively adopt acquisition reforms and innovations including Treasury enterprise-wide procurement to improve acquisition processes and support Treasury’s mission. Work with the Procurement Executive Council (PEC) to establish new procurement innovations. Share best procurement practices with other agencies.
- Seek opportunities to increase participation by small, minority, and women-owned businesses in Treasury procurements. Serve on the PEC’s Socio-Economic Committee to share interagency best practices. Serve on the Civilian Agency Acquisition Council to influence procurement rules to provide more opportunities for increased participation by small, minority and women-owned businesses.
- Pursue initiatives to improve opportunities for small, minority and women-owned businesses by such means as fostering mentoring arrangements between established companies and these firms, and by providing better tools to allow these firms to gain access to needed capital resources.
- Monitor the overall quality of the Treasury procurement system through the Treasury Procurement Performance Measurement Model (which addresses 11 performance goals and measures) and any other appropriate means. Participate in the PEC’s Performance Measurement Committee to establish and maintain Government-wide performance measures.

**Responsible Office:**

Treasury’s Office of the Deputy Assistant Secretary for Management Operations has the primary responsibility for ensuring the implementation of this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

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**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess business results, particularly those related to improving the acquisition process. Future indicators of success will include measuring cost-to-spend ratios, purchase card usage, competition, and contract dollars to small businesses.

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**Treasury Objective: Ensure Continuity of Treasury Operations**

**Purpose:**

Treasury is committed to ensuring the safety and security of its people and its assets, as well as minimizing any disruption of its operations and services. The Department continues to formulate and oversee the implementation of procedures and policies protecting Treasury employees, information and facilities from all hazards, and ensuring the continuity of essential functions in times of crisis, disaster and emergency.

**Means and Strategies:**

- Use the Office of Security Compliance Program and the Treasury Terrorism Advisory Group to enhance oversight, information-sharing, and coordination on security issues across Treasury bureaus. This will ensure the Department can protect its vital assets and respond to domestic terrorism threats, emergencies, and disasters with a minimum of disruption to the continuity of Treasury's operations.
- Manage information systems security risks by ensuring that policies, procedures and practices are adequate to protect resources. Computer security shortcomings will be addressed Department-wide. For Treasury's high impact agencies – the Internal Revenue Service (IRS), the U.S. Customs Service (USCS), and the Financial Management Service (FMS) – key strategies include:
  - IRS: The Office of System Standards and Evaluation will conduct reviews at service centers, district offices and posts-of-duty to evaluate and test security controls. The approach also includes performing comprehensive reviews of the offices' continuity of operations plans, physical security, communications security, personnel and administration security, operating practices, and software quality assurance activities, and work with officials to successfully develop and implement corrective action plans.
  - USCS: To address weaknesses in its automated systems, USCS will replace the Automated Commercial System with the Automated Commercial Environment (ACE). ACE will provide an integrated automated information system to efficiently collect, process, and analyze commercial data of goods and merchandise imported into the United States. ACE will also: 1) reduce the under-collection and/or overpayment of revenue; 2) provide a cost-effective and repeatable process for data analysis; 3) provide a more stable operating environment and reduce system downtime; 4) protect consumers from unsafe products entering the United States; and 5) protect the U.S. markets from unfair trade practices.
  - FMS: FMS will continue conversion of legacy payment systems to state-of-the-art platforms and will prepare revised guidance on information technology security controls in line with audit recommendations. FMS is in the process of implementing a bureau-wide security management program and is developing plans to build out the Kansas City Financial Center as a disaster recovery back-up site for FMS operations.

**Responsible Office:**

Treasury's Office of the Deputy Assistant Secretary for Management Operations has the primary responsibility for ensuring the implementation of this objective.

**How Progress Will Be Measured:**

For this objective, Treasury currently does not have any quantifiable indicators of success and will therefore rely on qualitative descriptions of significant efforts toward achievement, their relationship to the objective, and the success of these efforts.

**Treasury Objective: Strengthen Treasury's Ability to Ensure Proper and Effective Oversight of Bureau Operations**

**Purpose:**

Treasury's ability to effectively oversee bureau operations is key to the accomplishment of all of the Department's strategic objectives. In addition to guiding and approving each bureau's strategic goals and future direction, effective oversight requires that Treasury have accurate and timely status information on key indicators of performance throughout the fiscal year. Such information allows the identification of potential problems in time to take necessary action to properly adjust course.

**Means and Strategies:**

- Strengthen oversight, policy formulation and coordination across Treasury's bureaus. This will be supported by improving access to, and use of, timely and accurate information on key bureau performance measures through Treasury's Performance Reporting System (PRS). It will also be supported by improved technology applications such as the use of integrated management systems and Web-based portals. To improve timeliness, Treasury will expand the capacity of the PRS to access current performance data directly from the bureaus' source systems.
- Strengthen data reliability and accuracy by systematically reviewing the bureaus' source data systems and the quality of the data they produce, and continue reviews by Treasury's two Offices of the Inspector General. Treasury will continue to require bureaus to self-identify data quality problems that are known to exist and highlight known data reliability problems in Treasury's reports.
- Strengthen the capacity of the Office of the Inspector General and Treasury Inspector General for Tax Administration to independently evaluate and monitor key bureau operations and to provide their findings and recommendations to address problem areas in a timely manner.

**Responsible Offices:**

Treasury's Fiscal Assistant Secretary and Under Secretary for Enforcement are responsible for effective oversight of the fiscal bureaus and law enforcement bureaus, respectively. The Treasurer oversees the coin and currency production bureaus. The General Counsel oversees the Treasury Legal Division, which includes the chief and legal counsel in most Treasury bureaus and offices.

**How Progress Will Be Measured:**

Treasury and the two Offices of the Inspector General will assess progress against this objective through performance goals that assess business results, including the outcome of audits and reviews (potential monetary savings, implementation of findings, and prosecutions and administrative actions). In addition, Treasury will rely on qualitative descriptions of significant efforts related to policy oversight, their relationship to the objective, and the success of these efforts.



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<b>GOAL:        IMPROVE CUSTOMER SATISFACTION</b>
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Treasury is a very diverse organization that has many different customers -- the American taxpayer, the trade industry, the Federal Reserve and other Federal agencies, investors, and State and local governments. A key element in delivering quality services to the public is to regularly define customer expectations and to develop specific standards based on those expectations. In addition, performance against those expectations should be measured on a regular basis, should be reported back to the public, and feedback information should be used to continuously modify goals and objectives.

***Key Factors Affecting Achievement of Goal Include:***

- **Competing needs of Treasury's customers and stakeholders.** There may be instances when the needs of two different customers are in conflict with or contradict each other. In these cases, Treasury will try to develop standards that balance conflicting needs to the extent possible.

**Means and Strategies:**

- Develop customer service standards for all Treasury programs serving the public.
  - Systematically engage each major customer group that Treasury serves to define their expectations for Treasury products and services.
  - Develop measurable customer service standards for each product and service provided to the public and actively publish them so that customers know what level of service to expect.
  - When appropriate, work with other agencies to coordinate development of service standards and to promote seamless service from the customers' perspectives.
- Regularly measure actual performance against standards and report results to the public .
  - Make actual performance information available to Treasury managers on a timely basis to identify and reward service excellence and address service problems. This will require new systems, or improvements to current systems, to capture information concerning actual performance against the established customer service standards.
  - At least once each year, report to the public on the degree to which the standards were met.
  - Use feedback information regarding customer satisfaction to modify/revise customer service standards and other operational goals and objectives, when appropriate.

**Responsible Office:**

Treasury's Office of the Assistant Secretary for Management has the primary lead on implementing this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess business results (including measures of meeting customer service standards) and customer satisfaction (through customer satisfaction surveys). Many Treasury bureaus have already implemented formal customer feedback processes; other bureaus will establish processes in the upcoming year.

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<b>GOAL:        IMPROVE EMPLOYEE SATISFACTION</b>
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Treasury's workforce is by far its most important asset. The need to measure employee satisfaction is based on the premise that our employees are in the best position to assist us in identifying the organizational strengths and weaknesses that either enhance or diminish their ability to do their jobs well. In other words, employees know the extent to which their work environment is healthy and supports high performance, and they also know when they are being effectively led, trained, equipped, and rewarded.

At its core, employee satisfaction is a measure of management effectiveness and, as such, can be viewed as an early indicator of the organization's ability to succeed in meeting its mission. Treasury has established this goal to emphasize its efforts to improve the culture of the organization.

***Key External Factors Affecting Achievement of Goal Include:***

- **Authority.** Employees may make suggestions that are beyond Treasury's authority or capacity to readily address, such as changes in pay or benefit levels that are prescribed by law.

**Means and Strategies:**

- Regularly measure employee perceptions of management and organizational effectiveness.
  - Determine which survey instruments are most appropriate to measure employee satisfaction within each bureau.
  - Make survey results available to Treasury managers on a timely basis to identify and address potential problems identified by employees.
- Target employee development where opportunities exist to improve in areas identified by employees.
  - Hold executives and managers accountable for addressing and resolving employee-identified problems. This will require that managers be provided the tools and training they need to successfully make use of employee feedback. This will also require incorporating an employee satisfaction element into managers' performance standards.

**Responsible Office:**

Treasury's Office of the Assistant Secretary for Management has the primary lead on implementing this objective. Treasury-wide measures of success for this objective are presented in the Departmental Offices Annual Performance Plan.

**How Progress Will Be Measured:**

Treasury will assess progress against this objective through performance goals that assess employee satisfaction (through employee satisfaction surveys). Several bureaus have established employee feedback processes; other bureaus will be establishing processes in the upcoming year.

## V. Appendices



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*Appendix A*

**Coordination on Cross-Cutting Issues**

*The following table highlights the agencies with which Treasury coordinates to achieve its strategic goals.*

	<b>Economic</b>		<b>Financial</b>				<b>Enforcement</b>					<b>Management</b>		
	Promote Domestic Economic Growth	Maintain U.S. Leadership on Global Economic Issues	Collect Revenue Due the Federal Government	Manage the Federal Government's Accounts	Cost Effectively Finance Government's Operations	Improve Production Operations and Maintain Coin and Currency	Combat Money Laundering and Other Financial Crimes	Protect our Nation's Borders and Major International Transportation Terminals from Traffickers and Smugglers of Illicit Drugs	Reduce Violent crimes and the Threat of Terrorism	Protect Our Nation's Leaders and Visiting Dignitaries	Provide High Quality Training for Law Enforcement Personnel	Improve Customer Satisfaction	Support the Achievement of Business Results	Improve Employee Satisfaction
National Security Council							X	X	X	X				
Office of National Drug Control Pol.							X	X	X					
U.S. Trade Representative		X												
President's Working Groups	X													
Department of Agriculture			X	X				X			X			
Department of Commerce	X		X	X										
Department of Defense			X	X			X	X	X	X	X			
Dept. of Health & Human Services	X		X	X				X						
Dept. of Housing & Urban Development	X		X	X										
Department of Interior			X	X				X			X			
Department of Justice			X	X			X	X	X	X	X			
Department of Labor	X		X	X										
Department of State		X	X	X			X	X	X	X	X			
Department of Transportation			X	X			X	X			X			
Central Intelligence Agency							X	X	X	X				
Commodity Futures Trading Comm.	X													
Environmental Protection Agency		X												
Export-Import Bank		X	X	X										

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***Appendix A***

	<b>Economic</b>		<b>Financial</b>				<b>Law Enforcement</b>					<b>Management</b>		
	Promote Domestic Economic Growth	Maintain U.S. Leadership on Global Economic Issues	Collect Revenue Due the Federal Government	Manage the Federal Government's Accounts	Cost Effectively Finance Government's Operations	Improve Production Operations and Maintain Coin and Currency	Combat Money Laundering and Other Financial Crimes	Protect our Nation's Borders and Major International Transportation Terminals from Traffickers and Smugglers of Illicit Drugs	Reduce Violent Crimes and the Threat of Terrorism	Protect Our Nation's Leaders and Visiting Dignitaries	Provide High Quality Training for Law Enforcement Personnel	Improve Customer Satisfaction	Support the Achievement of Business Results	Improve Employee Satisfaction
Federal Deposit Insurance Corp.	X													
Federal Housing Finance Board	X													
Federal Reserve	X		X	X	X	X	X							
General Services Administration			X	X							X		X	
Office of Personnel Management											X		X	X
Overseas Private Investment Corp.		X												
Pension Benefit Guaranty Corp.	X													
Securities & Exchange Comm.	X		X	X										
Small Business Admin.	X		X	X										
Civilian Agency Acquisition Council														
Elect. Processes Initiative Comm.														
Federal Chief Info. Officers Council													X	
Federal Credit Pol. Working Group	X		X											
Govt. Chief Fin. Officers Council	X		X	X									X	
Procurement Executive Comm.													X	
Securities Tech. Institute						X								
Nat. Partnership for Reinventing Gov.												X		X

### Use of Program Evaluations in Updating the Strategic Plan

Program evaluations are assessments, through objective measurement and systematic analysis, of the manner and extent to which programs achieve intended objectives. In addition, program evaluations encompass assessment of program implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes. Treasury obtains evaluations of its programs through:

- **Internal reviews conducted by individual Treasury bureaus and program offices.** Several bureaus have used program evaluations to shape their strategic goals and objectives.
- **Reviews and audits performed by Treasury's Office of the Inspector General (OIG) and the Treasury Inspector General for Tax Administration (TIGTA).** Audits and evaluations conducted by the OIG and TIGTA often focus on areas of strategic interest to the Department.
- **Reviews conducted by the General Accounting Office (GAO).** GAO evaluations have helped assess the effectiveness and impact of Treasury's programs and will continue to be viewed as an important source of critical external evaluations.

Following is a representative list of evaluations planned for 2001 (except where noted) presented by Treasury goal. A more detailed list of evaluations is included in each bureau strategic plan, and updates will be provided each year as part of the annual performance plan.

<b>Economic Mission: Promote Prosperous and Stable American and World Economies</b>	
<b>Issue</b>	<b>Planned Evaluations</b>
<b>Electronic Banking</b>	<b>Office of the Comptroller of the Currency Internet Banking Examination Coverage:</b> Treasury OIG will review the adequacy and effectiveness of OCC's current and planned bank supervisory oversight and examination strategies.
<b>Community Reinvestment</b>	<b>Office of Thrift Supervision Community Reinvestment Act Examinations:</b> Treasury OIG will review the effectiveness of OTS' CRA examination process and the thrift industry's compliance with the Act.
<b>Trade Compliance</b>	<p><b>Effectiveness of Customs North American Free Trade Agreement (NAFTA) Enforcement Actions:</b> Treasury OIG will review the use of (1) available technology to identify illegal transshipments and (2) penalty actions for NAFTA point of origin violations.</p> <p><b>Customs Strategic Trade Centers:</b> Treasury OIG will assess whether the analytical work of these centers is providing actionable intelligence to target noncompliant importations and illegal smuggling.</p> <p><b>Customs Enforcement of Intellectual Property Rights (IPR):</b> Treasury OIG will review the effectiveness of Customs' enforcement operations for IPR.</p> <p><b>Importer/Broker Compliance Assessments:</b> Customs assesses importers' compliance with trade regulations. (Ongoing)</p>

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<b>Financial Mission: Manage the Government's Finances</b>	
<b>Issue</b>	<b>Planned Evaluations</b>
<b>Tax Law Complexity</b>	<p><b>Annual Report of the IRS Commissioner to Congress:</b> The Commissioner of the IRS will report on areas of complexity in the tax code and make recommendations for reducing complexity. (Ongoing)</p> <p><b>Taxpayer Burden:</b> The IRS will evaluate burden for wage and income taxpayers.</p>
<b>Tax Law Compliance</b>	<p><b>Compliance Study:</b> IRS will determine how existing data from both IRS and outside sources can be used to measure filing compliance and return accuracy, taxpayer behavior, and the impact of IRS strategies and programs. (Ongoing)</p> <p><b>Impact of the Revenue Protection Strategy on Improving Taxpayer Compliance:</b> TIGTA will determine whether the IRS has an effective process to assess the impact of the Revenue Protection Strategy on improving taxpayer compliance.</p> <p><b>Collection and Examination Nonfiler Program:</b> Two TIGTA reviews are planned to determine whether activities taken by the Collection and Examination functions have been effective in bringing nonfilers into compliance.</p>
<b>Alcohol and Tobacco Tax Collections</b>	<p><b>ATF Revenue Programs:</b> Treasury OIG will review the effectiveness of ATF's (1) Alcohol and tobacco revenue inspection program, (2) Controls over the non-beverage drawback payments, and (3) Controls over the excise tax-free exports of tobacco products.</p>
<b>Treasury's Borrowing Programs</b>	<p><b>Buyback of Debt:</b> Treasury OIG will assess whether the objectives for the debt buyback program have been achieved.</p>

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*Appendix B*

<b>Law Enforcement Mission: Protect Our Financial Systems and Our Nation's Leaders, and Foster a Safe and Drug-free America</b>	
<b>Issue</b>	<b>Planned Evaluations</b>
<b>Money Laundering</b>	<b>Assessment of the Department's anti-money laundering programs:</b> Treasury OIG will review: (1) The Department's implementation of the National Money Laundering Strategy; (2) The Department's efforts to identify and investigate potential money laundering through the Black Market Peso Exchange; (3) The Department's implementation of the Foreign Sanctions Program; (4) FinCEN's efforts to deter and detect money laundering in casinos; (5) FinCEN's Project Gateway; (6) OTS examinations of Bank Secrecy Act (BSA) reporting; (7) OCC examinations of compliance with BSA by the trust departments of national banks; and (8) the IRS Anti-Money Laundering Compliance Program.
<b>Narcotics Trafficking</b>	<b>Customs' drug interdiction efforts:</b> Treasury OIG will assess Customs': (1) remote video inspections at certain small entry points along the Northern border, (2) targeting systems to identify high risk entries for narcotics examinations, (3) efforts to target, secure, and inspect marine containers to prevent narcotics smuggling through U.S. seaports, and (4) use of high technology in drug interdiction efforts.
<b>Federal Firearms Law Enforcement</b>	<p><b>ATF's Investigations of Referrals from the NIC Background Check:</b> Treasury OIG will review how ATF handles the investigations of referrals from the FBI on attempted illegal purchases of firearms.</p> <p><b>ATF's Federal Firearms Licensee (FFL) Inspection Program:</b> Treasury OIG will review the effectiveness of ATF's FFL inspection program, including enforcement actions taken when violations are found.</p> <p><b>ATF's Integrated Violence Reduction Strategy (IVRS):</b> Treasury OIG will review the effectiveness of ATF's planning of the IVRS and its use of funds and FTEs appropriated to this program.</p>



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<b>Management Mission: Continue to Build a Strong Institution</b>	
<b>Issue</b>	<b>Planned Evaluations</b>
<b>Information Technology Management</b>	<p><b>IRS's Key Systems Modernization Processes:</b> TIGTA will assess whether the IRS has implemented the key processes necessary to effectively and efficiently deliver systems modernization projects geared at improving service to taxpayers.</p> <p><b>Customs' Automated Commercial Environment (ACE):</b> As a follow up to prior GAO reviews of this major system development initiative, Treasury OIG will assess whether ACE, as planned, will meet the needs of Customs and the trade community.</p>
<b>Business Continuity</b>	<p><b>Disaster Recovery Plans for IRS Computing Centers:</b> TIGTA will assess whether the IRS has adequate plans to recover from potential disasters at the two computing centers.</p>

## **Data Capacity**

Every performance measure presented in Treasury's Annual Performance Plans and Reports includes a definition, a statement of how information is validated, and a rating of the reliability of the data presented. This information is contained in individual bureau plans/reports in a "Verification and Validation" section.

In addition, bureaus briefly describe their general performance measure data quality and how the data is generally verified and validated to determine and assure its accuracy. Following this introductory section, three pieces of data quality information are provided for each measure:

- A brief definition
- Information on how the bureau collects data and verifies and validates the accuracy of the information. Examples of information on how data is verified and validated could include information such as "Auditors examine the system once a year to ensure the reports it produces are correct" or "internal system checks that report an out-of-balance condition are used to ensure validity." If portions of the bureau's data are not judged to be sufficiently accurate for program management and performance reporting purposes, the bureau describes efforts to improve data quality and/or its ability to verify and validate data.
- A summary rating of the data quality of the measure based on the verification and validation information:
  - "Reasonable Accuracy" - judged to be sufficiently accurate for program management and performance reporting purposes; that the means used to verify and validate measured values are sufficiently credible and specific to support the general accuracy and reliability of the performance information recorded, collected and reported;
  - "Questionable or Unknown Accuracy"; or,

Where statistical confidence intervals are available, they are used to state the precision of the data (e.g., + or - 3% with a 95% confidence) instead of the more subjective ratings described above.

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*Appendix D*

**Treasury-Wide Management Challenges and High-Risk Areas**

*The following table presents the management challenges and high-risk areas which have been identified as having Treasury-wide impact by the Government Accounting Office (GAO), the Treasury Office of Inspector General (IG), and/or the Treasury Inspector General for Tax Administration (TIGTA). Presented along with each identified challenge/high-risk are the corresponding strategies in this strategic plan to mitigate the issue, as well as measures used to track progress.*

<b>Management Challenge/High-Risk Area</b>	<b>Findings</b>	<b>Related Strategy / Measures</b>
Addressing Department-Wide Integrated Financial Management Systems Weaknesses and Producing Consolidated Financial Statements (GAO / IG)	Treasury needs an integrated financial system that would perform basic accounting functions and provide integrated budget, financial and performance information that managers could reliably use to make decisions. Although the Treasury CFO Council initiated a project to define core financial data requirements, evaluate current systems capabilities, and develop recommendations for implementation of a Department-wide data stewardship process, integration issues continue to exist. Some bureaus still have material weaknesses to correct which cause them to expend a great effort after year-end to produce auditable financial statements.	<p>Treasury will address these management challenges through:</p> <ul style="list-style-type: none"> <li>• <i>Financial Systems:</i> Creating integrated financial management systems by standardizing core data elements Department-wide and developing uniform integration policies in order to enable all key bureau financial data to be aggregated for improved analysis and decision making.</li> <li>• <i>Financial Reporting Strategy:</i> Developing the systems capability and accounting methodology to provide accurate and timely financial data for Departmental financial statements, with full cost accumulation for all Treasury programs and activities, to facilitate internal analysis, resolve known high-risk control issues, and enhance external financial statement reporting capable of receiving an unqualified audit opinion.</li> </ul> <p>Success will be measured in terms of (1) progress toward completing an integration framework/strategy, (2) level of access to integrated financial management information, (3) the quality/timeliness of Treasury-wide financial systems, and (4) the trend in total material weaknesses emanating from the audit reports on financial statement audits.</p>

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<b>Management Challenge/High-Risk Area</b>	<b>Findings</b>	<b>Related Strategy / Measures</b>
Managing Information Technology Investment (IG)	Treasury needs to improve compliance with the Clinger-Cohen Act through better capital planning, investment controls, project management, systems development, and establishing performance measures for information technology.	<p>Treasury will address this challenge through the use of “Investment Review Boards” at both the bureau (IRBs) and Department (CIRB) levels. These boards will follow the principles of the Clinger-Cohen Act, other applicable direction and guidance, as well as Government and private industry best practices.</p> <p>The Boards will consider the business cases for all capital investment proposals, i.e., information technology investments and other capital projects (e.g., buildings, vehicles, etc.), and determine which should be pursued and in what order of priority. The Boards will also monitor the progress of approved capital projects and the use and status of existing assets. They will rely on information from the Information Technology Investment Portfolio System (ITIPS), a Government-developed software tool that maintains critical capital investment information and allows Treasury to:</p> <ul style="list-style-type: none"> <li>- Ensure that capital investment portfolios support each organization’s business missions (i.e., organizations can review and modify their capital investments to align these investments with their Results Act plan and other organizational considerations);</li> <li>- Develop an efficient decision-making process to assess capital investment proposals in terms of their support of the organization’s mission, while assessing risks, costs and expected returns; and,</li> <li>- Oversee the recruitment, development, and retention of a high-caliber, asset management staff, and broaden the skill level of existing staff.</li> </ul> <p>To support the review and monitoring of information technology investment proposals, the CIRB will rely on the leadership and resources of Treasury’s CIO, supported by Treasury’s CIO Council, which consists of bureau CIOs. The CIO/CIO Council will create a Treasury IT architecture framework that provides a common, multipurpose, and standards-based infrastructure. This architecture will act as a high-level blueprint to make certain that all Treasury IT systems are compatible and structured to provide maximum program benefit.</p> <p>Progress will be measured in terms of the percentage of new IT capital investments that are within costs, on schedule, and meeting performance targets.</p>

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<b>Management Challenge/High-Risk Area</b>	<b>Findings</b>	<b>Related Strategy / Measures</b>
Treasury: Improving Computer Security Controls (GAO / TIGTA)	Major computer systems at Treasury bureaus are vulnerable to unauthorized access and have inadequate security to ensure the reliability of computerized data.	<p>Treasury will manage information systems security risks by ensuring that policies, procedures and practices are adequate to protect resources. Computer security shortcomings will be addressed Department-wide, with priority attention given to Treasury's high impact agencies – the Internal Revenue Service (IRS), the U.S. Customs Service (USCS), and the Financial Management Service (FMS).</p> <p>Treasury will use the Office of Security Compliance Program and the Treasury Terrorism Advisory Group to enhance oversight, information-sharing, and coordination on security issues across Treasury bureaus. This will help the Department protect its vital assets and respond to domestic terrorism threats, emergencies, and disasters with a minimum of disruption to the continuity of Treasury's operations.</p> <p>Progress will be measured in terms of improvements noted in future audits and program evaluations, and ultimately, removal from the high risk list.</p>
Implementing the Results Act (IG)	More work is needed to refine strategic planning processes and in producing accurate and reliable data for performance measures.	<p>Treasury will strengthen oversight, and coordination across Treasury's bureaus by improving access to, and use of, timely and accurate information on key bureau performance measures through Treasury's Performance Reporting System (PRS). To improve timeliness, Treasury will expand the capacity of the PRS to access current performance data directly from the bureaus' source systems. Treasury will promote data reliability and accuracy by systematically reviewing the bureaus' source data systems and the quality of the data they produce, and encouraging continue reviews by Treasury's two Inspector Generals. Treasury will continue to require bureaus to self-identify data quality problems that are known to exist and highlight known data reliability problems in Treasury's reports.</p> <p>Progress will be assessed in terms of the results of independent reviews of the accuracy of performance data, primarily conducted by the two Inspector Generals.</p>

## Consultations and Stakeholders

In revising this strategic plan, Treasury sought to work with and incorporate comments from our key stakeholders, including Congress, other government agencies, our unions, our primary interested parties, partners, and the general public. A summary of these efforts is presented below:

- **Congress.** Treasury transmitted the draft plan and offered consultation sessions to both Senate and House chairmen and ranking members of our appropriating and authorizing/oversight committees and subcommittees (a listing of each committee is attached).
- **Treasury unions.** Treasury forwarded the draft plan to the National Treasury Employees Union and the American Federation of Government Employees. The draft was also made available, through the relevant bureaus, to all of our smaller unions via Treasury's Internet site.
- **Treasury stakeholders and interested parties.** Treasury, working through the Office of Public Liaison, sent a notice of the draft plan's Internet posting and a request for review and comments to over 500 interested partners, including consumer and business organizations, banking and insurance institutions, state and local government associations, private and not-for-profit foundations, citizens groups, environmental organizations, law enforcement organizations (at the Federal, state, and local level), and various academics among others.
- **Other government agencies.** Treasury requested review and comments from other Federal Government agencies via the draft plan's Internet posting. In addition, the plan was forwarded to the Office of Management and Budget and the General Accounting Office for their review and input.
- **General public.** Treasury posted the draft plan on its Internet site and solicited comments from all visitors to the site.

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**Congressional Distribution List**

Senate

Chairman	Ranking Member
Senator Ted Stevens Chairman, Senate Appropriations Committee United States Senate Washington, DC 20510	Senator Robert C. Byrd Ranking Member, Senate Appropriations Committee United States Senate Washington, DC 20510
Senator Pete V. Domenici Chairman, Budget Committee United States Senate Washington, DC 20510	Senator Frank R. Lautenberg Ranking Member, Budget Committee United States Senate Washington, DC 20510
Senator Ben Nighthorse Campbell Chairman, Subcommittee on Treasury, General Government, Senate Appropriations Committee United States Senate Washington, DC 20510	Senator Byron L. Dorgan Ranking Member, Subcommittee on Treasury, General Government, Senate Appropriations Committee United States Senate Washington, DC 20510
Senator William V. Roth, Jr. Chairman, Committee on Finance Also Chairman, Joint Committee on Taxation United States Senate Washington, DC 20510	Senator Daniel P. Moynihan Ranking Member, Committee on Finance Also Ranking Member, Joint Committee on Taxation United States Senate Washington, DC 20510
Senator Mitch McConnell Chairman, Subcommittee on Foreign Operations Senate Appropriations Committee United States Senate Washington, DC 20510	Senator Patrick J. Leahy Ranking Member, Subcommittee on Foreign Operations Senate Appropriations Committee United States Senate Washington, DC 20510
Senator Fred Thompson Chairman, Committee on Government Affairs United States Senate Washington, DC 20510	Senator Joseph I. Lieberman Ranking Member, Committee on Government Affairs United States Senate Washington, DC 20510
Senator Phil Gramm Chairman, Committee on Banking, Housing and Urban Affairs United States Senate Washington, DC 20510	Senator Paul S. Sarbanes Ranking Member, Committee on Banking, Housing and Urban Affairs United States Senate Washington, DC 20510
Senator Jesse Helms Chairman, Committee on Foreign Relations United States Senate Washington, DC 20510	Senator Joseph R. Biden, Jr. Ranking Member, Committee on Foreign Relations United States Senate Washington, DC 20510
Senator Orrin Hatch Chairman, Senate Judiciary Committee United States Senate Washington, DC 20510	Senator Patrick Leahy Ranking Member, Senate Judiciary Committee United States Senate Washington, DC 20510

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**Congressional Distribution List  
House of Representatives**

Chairman	Ranking Member
Rep. C. W. Bill Young Chairman, Committee on Appropriations U.S. House of Representatives Washington, DC 20515	Rep. David Obey Ranking Member, Committee on Appropriations U.S. House of Representatives Washington, DC 20515
Rep. John R. Kasich Chairman, Budget Committee U.S. House of Representatives Washington, DC 20515	Rep. John Spratt Ranking Member, Budget Committee U.S. House of Representatives Washington, DC 20515
Rep. Jim Kolbe Chairman, Subcommittee on Treasury, Postal Service, and General Government House Appropriations Committee U.S. House of Representatives Washington, DC 20515	Rep. Steny H. Hoyer Ranking Member, Subcommittee on Treasury, Postal Service, and General Government House Appropriations Committee U.S. House of Representatives Washington, DC 20515
Rep. Bill Archer Chairman, Committee on Ways and Means Also Chairman, Joint Committee on Taxation U.S. House of Representatives Washington, DC 20515	Rep. Charles Rangel Ranking Member, Committee on Ways and Means Also Ranking Member, Joint Committee on Taxation U.S. House of Representatives Washington, DC 20515
Rep. Dan Burton Chairman, Committee on Government Reform U.S. House of Representatives Washington, DC 20515	Rep. Henry A. Waxman Ranking Member, Committee on Government Reform U.S. House of Representatives Washington, DC 20515
Rep. Sonny Callahan Chairman, Subcommittee on Foreign Operations, Export Financing, and Related Programs House Appropriations Committee U.S. House of Representatives Washington, DC 20515	Rep. Nancy Pelosi Ranking Member, Subcommittee on Foreign Operations, Export Financing, and Related Programs House Appropriations Committee U.S. House of Representatives Washington, DC 20515
Rep. Jim Leach Chairman, Committee on Banking and Financial Services U.S. House of Representatives Washington, DC 20515	Rep. John J. LaFalce Ranking Member, Committee on Banking and Financial Services U.S. House of Representatives Washington, DC 20515
Rep. Benjamin A. Gilman Chairman, Committee on International Relations U.S. House of Representatives Washington, DC 20515	Rep. Sam Gejdenson Ranking Member, Committee on International Relations U.S. House of Representatives Washington, DC 20515
Rep. Steve Horn Chairman, Subcommittee on Government Management, Information and Technology Committee on Government Reform U.S. House of Representatives Washington, DC 20515	Rep. Carolyn Maloney Ranking Member, Subcommittee on Government Management, Information and Technology Committee on Government Reform U.S. House of Representatives Washington, DC 20515
Rep. Henry Hyde Chairman, House Judiciary Committee U.S. House of Representatives Washington, DC 20515	Rep. John Conyers Ranking Member, House Judiciary Committee U.S. House of Representatives Washington, DC 20515



## Explanation of Graphs and Data Sources

<u>Fig.</u>	<b>Title</b>	<b>Explanation / Source</b>	<b>Page</b>
<b>1</b>	<b>Federal Debt Held by the Public</b>	<p><b>Explanation:</b> Federal debt securities held as assets by the public.</p> <p><b>Source:</b> 1995-99 data is according to The Budget for FY 2001, Historical Trends, Online p. 111, Table 7.1 (<a href="http://w3.access.gpo.gov/usbudget/fy2001/pdf/hist.pdf">http://w3.access.gpo.gov/usbudget/fy2001/pdf/hist.pdf</a>)</p> <p>2000-01 data is according to FY 2001 Mid -Year Session Review, Online p. 49, Table 23 (<a href="http://w3.access.gpo.gov/usbudget/fy2001/pdf/msr.pdf">http://w3.access.gpo.gov/usbudget/fy2001/pdf/msr.pdf</a>)</p>	<b>6</b>
<b>2</b>	<b>Social Security Trust Funds</b>	<p><b>Explanation:</b> Estimated assets of the combined OASI and DI Trust Funds in current dollars (intermediate assumptions). Estimates for later years are not shown because the combined OASI and DI Trust Funds are estimated to become exhausted in 2037 under the intermediate assumptions.</p> <p><b>Source:</b> <u>Old-Age, Survivors, and Disability Insurance (OASDI) Trustees Report</u>, March 2000</p>	<b>7</b>
<b>3</b>	<b>Savings as a Percent of Disposable Personal Income</b>	<p><b>Explanation:</b> The personal saving rate is measured by the difference between disposable income and consumer outlays, as a percentage of disposable income.</p> <p><b>Source (published data):</b> National Income and Product Accounts, Bureau of Economic Analysis, U.S. Department of Commerce, August 2000. <b>Source (wealth-adjusted data):</b> The wealth-adjusted saving rate is derived from a quarterly regression of the personal saving rate on the ratio of wealth to disposable personal income over the period from 1952 to present. [Wealth (also called net worth) is the difference between total assets and liabilities of the household sector. This data is from Flow of Funds Accounts of the United States, Board of Governors of the Federal Reserve System, June 2000.] The adjusted saving rate is calculated as the actual saving rate minus the wealth coefficient times the deviation of the wealth ratio from its mean over the sample period. The regression and calculation of the wealth-adjusted saving rate were performed by the Office of Macroeconomic Analysis under the Assistant Secretary for Economic Policy.</p>	<b>8</b>

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<b>Fig.</b>	<b>Title</b>	<b>Explanation / Source</b>	<b>Page</b>
<b>4</b>	<b>Home Loans Extended to Low-to-Moderate Income Families</b>	<p><b>Explanation:</b> This data presents the numbers of home loans extended to those with income less than 80 percent of the MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.</p> <p><b>Source:</b> Federal Financial Institutions Examination Council Press Release, July 29, 1999.</p>	10
<b>5</b>	<b>Real GDP Growth -- Developing Nations</b>	<p><b>Explanation:</b> Represents the percent change from the previous calendar year in real Gross Domestic Product (GDP) of developing and transitional countries.</p> <p><b>Source:</b> <u>World Economic Outlook Report</u>, International Monetary Fund.</p>	19
<b>6</b>	<b>Real GDP Growth -- Transitional Nations</b>	<p><b>Explanation:</b> Represents world economic growth measured by the percent change from the previous calendar year in global Gross Domestic Product (GDP).</p> <p><b>Source:</b> <u>World Economic Outlook Report</u>, International Monetary Fund.</p>	19
<b>7</b>	<b>Real Global GDP Growth</b>	<p><b>Explanation:</b> Represents world economic growth measured by the percent change from the previous calendar year in global Gross Domestic Product (GDP).</p> <p><b>Source:</b> <u>World Economic Outlook Report</u>, International Monetary Fund.</p>	23
<b>8</b>	<b>Value of U.S. Imports and Exports</b>	<p><b>Explanation:</b> The figure represents the total amount of goods and services imported and exported, into and out of the United States.</p> <p><b>Source:</b> Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce. Compiled from official statistics of the U.S. Department of Commerce.</p>	24
<b>9</b>	<b>U.S. Direct Investment Abroad and Foreign Investments in United States</b>	<p><b>Explanation:</b> Direct investments, rather than portfolio or stock investments, are those in which an individual or business buys or holds over 10 percent of the equity in a firm.</p> <p><b>Source:</b> Bureau of Economic Analysis, U.S. Department of Commerce.</p>	26

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<u>Fig.</u>	<b>Title</b>	<b>Explanation / Source</b>	<b>Page</b>
<b>10</b>	<b>Federal Non-Tax Delinquent Debt</b>	<p><b>Explanation:</b> This chart is a reflection of the total non-tax delinquent debt, and the total non-tax delinquent debt that is over 180 days old, for each indicated year. This information is gathered from federal agencies that refer this debt to Treasury for collection.</p> <p><b>Source:</b> The DCIA Performance Summary Report, published monthly. These data are gathered from FMS' many accounting systems that serve to show the ways that FMS collects delinquent debt. Also, creditor agency reports (federal agencies who refer delinquent debt) showing the amount of delinquent debt that is eligible for collection. These reports from agencies are published in the "Treasury Report on Receivables."</p>	35
<b>11</b>	<b>Payments by Check and EFT</b>	<p><b>Explanation:</b> This chart shows the trends in Electronic Funds Transfer (EFT) payments and check payments over the past several years.</p> <p><b>Source:</b> Financial Management Service's Production Reporting System (PRS) captures this data.</p>	37
<b>12</b>	<b>Counterfeit Dollars in Circulation</b>	<p><b>Explanation:</b> Figure shows the proportion of counterfeit currency relative to the amount of genuine U.S. Currency in circulation. <i>Counterfeit Passed per Million Dollars of Genuine U.S. Currency</i> is calculated by dividing the dollar value of counterfeit notes passed on the public by the dollar value of genuine currency in circulation multiplied by \$1 million.</p> <p><b>Source:</b> Estimate of actual legitimate currency in circulation obtained from <u>U.S. Currency and Coins Outstanding and in Circulation Report</u> provided on a monthly basis from the Financial Management Service. Counterfeit dollars in circulation derived from notes passed on the public and obtained during the conduct of an investigation as well as notes identified by the Federal Reserve.</p>	49 and 55
<b>13</b>	<b>Percentage of U.S. Population Using Illegal Drugs</b>	<p><b>Explanation:</b> Any illicit drug use indicates use, at least once, of marijuana/hashish, cocaine (including crack), inhalants, hallucinogens (including PCP and LSD), heroin, or any prescription-type psychotherapeutic used non-medically.</p> <p><b>Source:</b> 1998 National Household Survey on Drug Abuse. (A survey on illicit drug use.) Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services.</p>	57

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<b>Fig.</b>	<b>Title</b>	<b>Explanation / Source</b>	<b>Page</b>
<b>14</b>	<b>Crimes Committed with Firearms in U.S.</b>	<p><b>Explanation:</b> This reports the number of murders, robberies, and aggravated assaults in which firearms were used.</p> <p><b>Source:</b> Bureau of Justice Statistics, U.S. Department of Justice.</p>	61
<b>15</b>	<b>Terrorist Incidents Prevented in the U.S.</b>	<p><b>Explanation:</b> A terrorism prevention is a documented instance in which a violent act by a known or suspected terrorist group or individual with the means and a proven propensity for violence is successfully interdicted through investigative activity.</p> <p><b>Source:</b> <u>Report on Terrorism in the United States</u>. Counterterrorism Threat Assessment and Warning Unit, Counterterrorism Division, Federal Bureau of Investigation, U.S. Department of Justice.</p>	63
<b>16</b>	<b>Explosives Incidents in United States</b>	<p><b>Explanation:</b> This represents the number of actual and attempted bombings, accidental explosions, recovered explosives and theft of explosives.</p> <p><b>Source:</b> The Arson and Explosives National Repository (AEXIS) provides statistical fire and explosive information based on data collected from the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, and the United States Fire Administration.</p>	65
<b>17</b>	<b>Minority Representation Total vs. GS 13/15 and SES</b>	<p><b>Explanation:</b> This data presents the percentage of minorities represented in the total Treasury workforce, represented in the total number of senior staff at GS-13-15 grades, and represented in the total number of Senior Executive Service personnel at Treasury.</p> <p><b>Source:</b> Data is compiled by the Treasury Integrated Management Information Systems office.</p>	76
<b>18</b>	<b>Female Representation Total vs. GS 13/15 and SES</b>	<p><b>Explanation:</b> This data presents the percentage of females represented in the total Treasury workforce, represented in the total number of senior staff at GS-13-15 grades, and represented in the total number of Senior Executive Service personnel at Treasury.</p> <p><b>Source:</b> Data is compiled by the Treasury Integrated Management Information Systems office.</p>	76

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<u>Fig.</u>	<b>Title</b>	<b>Explanation / Source</b>	<b>Page</b>
<b>19</b>	<b>Procurement-Influenced Cost Savings</b>	<p><b>Explanation:</b> This measures savings/cost avoidance on procurement actions through the deliberate efforts of acquisition personnel. The Bureau Chief Procurement Officers provided this information to Treasury as part of a self-assessment survey that they completed. From this, a ratio of dollars saved to procurement dollars spent was developed. The key measures were analyzed and are reported as cents saved per dollar spent.</p> <p><b>Source:</b> Performance Measurement Assessment Tool (PMAT) database.</p>	82